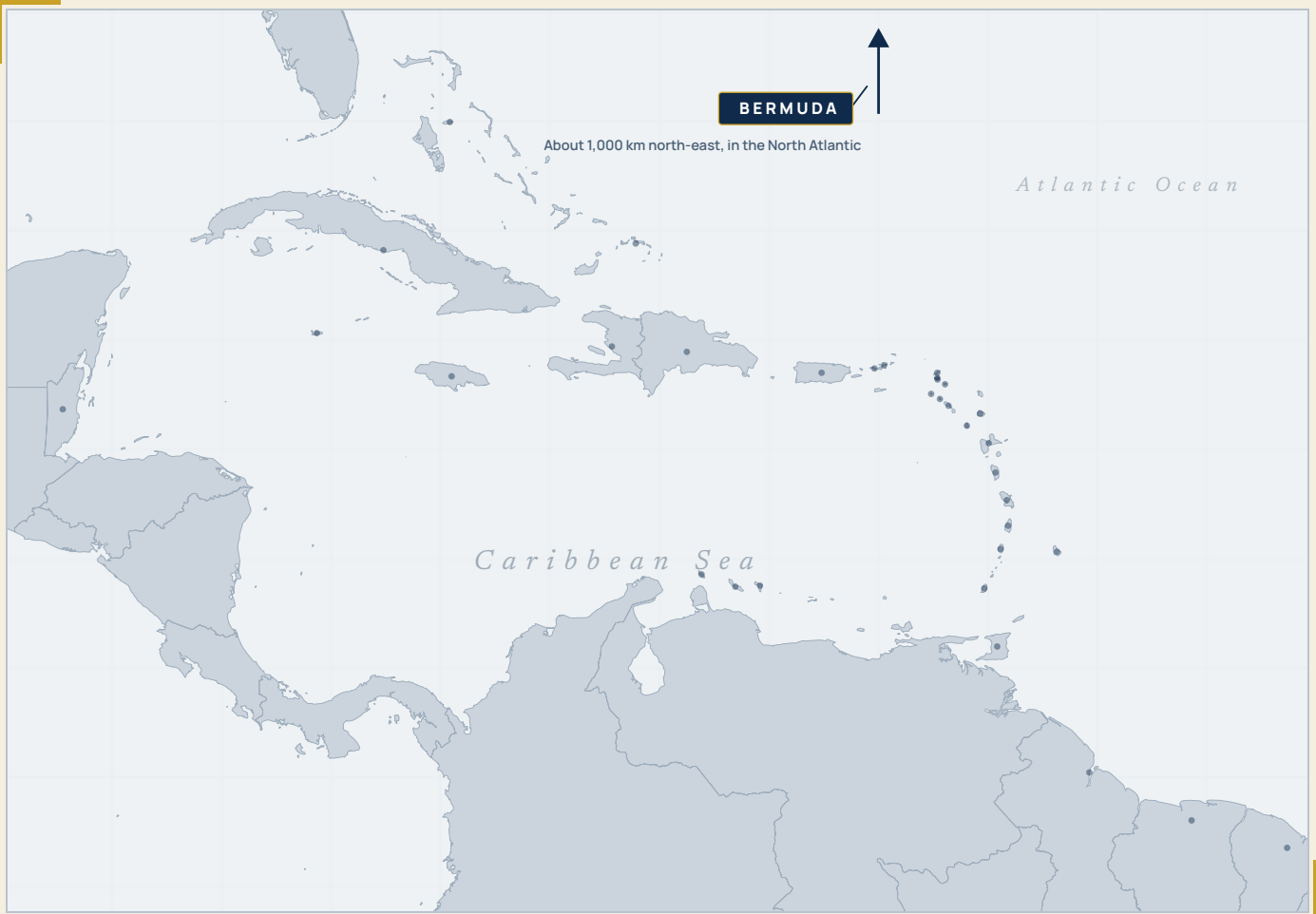




CARIBBEAN TAX SERVICE DESK · NORTH ATLANTIC

Bermuda

Tax Guide

A guide to corporate, personal and indirect taxes in Bermuda

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FOREWORD

For decades Bermuda taxed neither profits nor income. Since 2025, large multinational groups pay a 15% corporate income tax, while payroll tax remains the main tax on everyone else.

Bermuda's tax system is narrow but demanding. The Corporate Income Tax Act 2023 brings in-scope insurers and international groups into a new regime of registration, instalments and returns, supported by tax credits. Payroll tax, social insurance, pensions, health insurance, land tax, stamp duty and customs duty apply to local and international businesses alike.

This guide explains each of these in plain language, current to October 2026 and including the 2026/27 Budget measures. It is written for investors, finance teams and individuals with interests in Bermuda.

Tax matters are handled by Dawgen Global's Caribbean Tax Service Desk, managed from Kingston. We would be glad to help you plan, comply and resolve issues with confidence.

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

Executive Chairman, Dawgen Global

How to use this guide

This guide summarises the main taxes that apply to companies and individuals in Bermuda. It is general information, current to October 2026, and is not a substitute for advice on your circumstances.

Rates and rules change; speak to us before you act. Our companion Doing Business guide covers set-up, employment and regulation.

FOUNDATIONS

01 Investment basics

Bermuda has a currency pegged to the US dollar, exchange control administered by the Bermuda Monetary Authority (BMA) and no tax on income outside the new corporate income tax.

CORPORATE INCOME TAX**15%**

Only for groups with revenue of €750 million or more, from 2025

PERSONAL INCOME TAX**None**

Payroll tax is charged on employment pay instead

PAYROLL TAX**0% to 9.75%**

Employer rate; employee rates of 0.25% to 12.5%

VAT OR SALES TAX**None**

Customs duty is the main tax on goods

CUSTOMS DUTY**25%**

Most common rate; lower rates for many essentials

WITHHOLDING TAX**None**

On dividends, interest, royalties and fees

Currency and foreign exchange

The Bermuda dollar (BMD) is pegged at par with the US dollar. Exempted companies are treated as non-resident for exchange control and may hold accounts in any currency. Residents pay 1.25% foreign currency purchase tax when buying foreign currency from local banks.

Accounting and audit

Companies may report under IFRS, US GAAP or other recognised standards. An audit is required unless all shareholders and directors agree to waive it; regulated entities must be audited. In-scope groups compute corporate income tax from their financial accounts.

Principal business entities

Local company

Exempted company

Permit (overseas) company

Limited liability company

Partnership

Segregated accounts company

The tax system

The Corporate Income Tax Agency (CITA) administers corporate income tax and tax credits. The Office of the Tax Commissioner collects payroll tax, land tax, stamp duty and other local taxes, and the Customs Department collects duties.

BUSINESS TAX

02 Corporate taxation

The Corporate Income Tax Act 2023 charges 15% on Bermuda entities of large multinational groups for fiscal years beginning on or after 1 January 2025. Other businesses pay no tax on profits.

Who is in scope

A Bermuda constituent entity is in scope if its group's consolidated revenue was €750 million or more in at least two of the four preceding fiscal years. All in-scope Bermuda entities of a group are taxed together as a Bermuda constituent entity group.

Taxable income

- ◆ Starts from financial accounting net income, with adjustments largely modelled on the OECD global minimum tax rules
- ◆ An economic transition adjustment gives a fair-value starting basis for assets and liabilities held at 30 September 2023
- ◆ Qualifying international shipping income is excluded where strategic or commercial management is in Bermuda

Taxpayer	Rate
Bermuda entities of groups with revenue of €750 million or more	15%
Groups in the initial phase of international activity	Excluded for a single five-year period, if conditions are met
Excluded entities, such as governmental bodies, non-profits and pension funds	Outside the tax
All other companies, partnerships and branches	0%

Qualifying small groups may make a de minimis election and file simplified schedules.

Tax assurance certificates

Many exempted companies hold a certificate stating that new taxes on profits or income will not apply to them until 31 March 2035. The corporate income tax applies to in-scope entities regardless of any certificate.

Minimum tax and surtax

There is no surtax or general minimum tax. Out-of-scope businesses pay Registrar fees, payroll tax and some sector taxes (page 07).

BUSINESS TAX

03 Corporate taxation (continued)

Dividends

Dividends are not taxed when paid and carry no withholding tax. For in-scope groups, the adjustments include rules for dividends and gains on shareholdings.

Capital gains

There is no capital gains tax. In-scope groups include gains in accounting income, subject to the adjustments and any realisation election. Stamp duty applies to transfers of Bermuda land.

Losses

For in-scope groups, losses are carried forward and may reduce taxable income by up to 80% in any year. An opening tax loss carry-forward is available for qualifying pre-2025 losses. There is no carry-back.

Foreign tax credit

A credit is given for qualifying foreign income taxes on the income of Bermuda entities, including taxes charged under other countries' CFC and branch rules, up to the Bermuda tax due.

Holding companies and groups

There is no separate participation exemption or holding company regime. In-scope Bermuda entities of a group are combined and file one return through a designated filing entity, so profits and losses offset within Bermuda.

Tax credits (Tax Credits Act 2025)

Credit	Main benefit
Substance-based credit	Insurance groups: based on Bermuda payroll and local spending; phased in at 50% for 2025, 75% for 2026 and 100% from 2027
Community development credit	25% of qualifying donations to Bermuda charities of \$300,000 or more over three years
Utilities infrastructure credit	Regulated utility providers; based on local payroll, spending and assets

Credits are administered by CITA, are open to groups outside the tax, and are set against corporate income tax or rebated against payroll tax.

CROSS-BORDER PAYMENTS

04 Withholding taxes and tax treaties

Bermuda levies no withholding tax on payments to residents or non-residents.

Payment	Resident	Non-resident	Treaty rate
Dividends	None	None	Not applicable
Interest	None	None	Not applicable
Royalties	None	None	Not applicable
Management and service fees	None	None	Not applicable
Branch remittances	None	None	Not applicable

Dividends paid by local companies to individuals who provide services to them count as remuneration for payroll tax above \$20,000 a person a year (page 07). Income received from abroad may suffer withholding tax in the source country, and some countries apply higher rates to payments to low-tax jurisdictions.

Tax treaties

Bermuda has no comprehensive double tax treaties. Its 1986 convention with the United States covers insurance enterprises only: qualifying Bermuda insurers are exempt from US tax on business profits not attributable to a US permanent establishment. It gives no relief from US federal excise tax on premiums.

Information exchange agreements

Bermuda has an extensive network of bilateral tax information exchange agreements and takes part in the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Bermuda is an associate member of CARICOM and is not party to the CARICOM tax agreement.

Treaty access in practice

Groups wanting treaty relief on income from abroad generally need an entity resident in a treaty country with real substance there. Foreign tax suffered by an in-scope Bermuda entity may be credited against Bermuda corporate income tax (page 03).

INTERNATIONAL RULES

05 Anti-avoidance and international rules

Bermuda's international obligations centre on the corporate income tax, economic substance and the exchange of tax information.

Transfer pricing, interest and CFCs

There are no stand-alone transfer pricing, thin capitalisation or CFC rules. For in-scope groups, the corporate income tax follows the OECD approach of arm's length pricing between group entities and contains specific anti-abuse rules. Tax authorities abroad will still test pricing with Bermuda affiliates.

Economic substance

Under the Economic Substance Act 2018, entities carrying on a relevant activity must show core income-generating activities, adequate premises, staff and spending in Bermuda. The ten activities are banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service centre, intellectual property and holding entity. A declaration is filed with the Registrar of Companies within six months of year-end. Failure attracts penalties and can lead to strike-off and exchange of information abroad.

Pillar Two

The 15% corporate income tax is Bermuda's response to the OECD global minimum tax and is designed around its rules. How it interacts with other countries' top-up taxes, including recent OECD arrangements for groups based in countries with their own minimum taxes, should be checked for each group.

Information exchange

- ◆ **FATCA:** Model 2 agreement; financial institutions report direct to the US IRS
- ◆ **CRS:** early adopter; reports due by 31 May each year
- ◆ **Country-by-country reports:** due 12 months after year-end for large groups
- ◆ **Beneficial ownership:** filed with the Registrar of Companies

CORPORATE COMPLIANCE

06 Compliance for corporations

In-scope groups register with CITA and file through CITA Online. Every employer files payroll tax returns each quarter.

Corporate income tax cycle

The tax follows each group's fiscal year. One filing entity files for the whole Bermuda group. It must register at least 10 days before the first instalment is due; other entities at least 90 days before the return is due.

1

First instalment

50% of the expected liability, with Form 001.

**LAST DAY OF MONTH
8**

2

Second instalment

Bringing the total paid to 90%.

15TH OF MONTH 12

3

Return and balance

Form 100 and schedules; 2 November 2026 for calendar 2025.

**LAST DAY OF MONTH
10 AFTER YEAR-END**

Penalties and interest

Late or incomplete returns and forms attract monthly civil penalties, and interest runs on underpaid instalments and tax. Legislation in 2026 refines the penalty rules. Late payroll tax and land tax also attract penalties and interest.

Records and rulings

Keep records supporting the return and elections, including fair-value evidence for the transition adjustment. Payroll records are required under the Tax (Accounts and Records) Regulations 1991. CITA publishes guidance.

Objections and appeals

CITA decisions can be challenged through its enquiry and dispute process, and tax credit decisions may be appealed to the Supreme Court. Payroll and land tax assessments are made by the Tax Commissioner under the Taxes Management Act 1976.

Practical points

Confirm the group's scope, filing entity and registrations in CITA Online early, and decide elections before the first return. File Form 001 for each instalment even when nothing is due. Reconcile payroll tax returns to the payroll each quarter.

BEYOND INCOME TAX

07 Other taxes on corporations

Charge	Rate and base (2026/27)	Who pays
Payroll tax (employer)	1% under \$200,000 of payroll (0.5% April to September 2026); 2% to \$350,000; 4.75% to \$500,000; 7% to \$1 million; 9.5% above; 9.75% exempt undertakings; special rates for some sectors	Employers, on pay up to \$1 million a person
Payroll tax relief	0% for new start-ups (4 quarters), Economic Empowerment Zones (9 quarters), qualifying new hires and Bermudians aged 65 or over	Qualifying employers
Social insurance	\$39.25 a week per employee	Employer, plus employee share
Occupational pension	5% of pensionable earnings	Employer, plus employee share
Health insurance	Approved cover for employees; employer pays at least half the premium	Employer
Land tax	9.5% of annual rental value for commercial property; 8.9% tourist; 7% in Economic Empowerment Zones	Owners and long-term tenants
Stamp duty	2.1% to 7.35% on conveyances; 1.05% on leases; exempted companies generally exempt	Parties to the instrument
Financial services tax	Banks 0.0075% of consolidated gross assets; domestic insurers 3.5% of premiums (excluding health); money service businesses 1%	Local financial institutions
Corporate services tax	7% of revenue from corporate services to exempted undertakings	Service providers
Foreign currency purchase tax	1.25% of foreign currency bought from local banks	Residents
Capital duty	None; annual Registrar fees instead	Companies

Dividends from local companies to people who provide services to them are taxed as pay above \$20,000 a year.

INDIVIDUALS

08 Personal taxation

Bermuda has no income tax on individuals. Employees bear their share of payroll tax, social insurance and pension contributions through their employer.

Basis of taxation

There is no personal income tax, so residence, domicile and remittance do not decide a Bermuda tax charge. Payroll tax applies to pay for work in Bermuda, whatever the employee's nationality.

Residence and immigration

The right to live and work is governed by the Department of Immigration through work permits, residential certificates and the Work From Bermuda Certificate. Residence still matters for the tax residence declared to banks under CRS and FATCA.

Home-country tax

Moving to Bermuda does not end tax duties elsewhere. US citizens remain taxable on worldwide income, and other countries may tax former residents under their own rules.

Employee payroll tax (annual pay)	Rate
Up to \$48,000	0.25%
\$48,001 to \$96,000	7.75%
\$96,001 to \$200,000	10.75%
\$200,001 to \$500,000	11.5%
\$500,001 to \$1,000,000	12.5%
Above \$1,000,000	Not taxed

Rates apply by band to the annual rate of pay, from 1 April 2026.

Employers may deduct the employee portion from pay but remain liable to remit it.

Allowances

There are no personal allowances or filing status elections. Pay of Bermudians aged 65 or over is exempt up to \$96,000 a year.

INDIVIDUALS

09 Personal taxation (continued)

Capital gains and investment income

There is no tax on capital gains, dividends, interest or rents. Stamp duty applies when Bermuda land changes hands, including by gift.

Pensions

Bermudians, their spouses and permanent residents in employment contribute 5% of pensionable earnings to an occupational pension plan, matched by the employer; work permit holders are excluded. Expatriates with too few social insurance contributions to qualify for a pension may claim a refund at age 65.

Employment benefits

Benefits in kind are not taxed as income, but cash pay, bonuses and some dividends count as remuneration for payroll tax.

Charge	Position for individuals
Social insurance (employee)	\$39.25 a week; \$78.50 if self-employed; none from age 65
Health insurance	Up to half the premium
Land tax on homes	Graduated by annual rental value, 0.8% to 55%, plus a flat \$150
Stamp duty on purchases	2.1% to 7.35% by band
Non-Bermudian licence	Fee of 12.5% of the price for houses and 8% for condominiums, by buyer status
Stamp duty on estates	Sliding scale on Bermuda property above \$100,000; spouse and family homestead exemptions
Inheritance and gift tax	None
Net wealth tax	None
Capital acquisitions tax	None

Self-employed persons pay payroll tax on their own earnings and arrange their own social insurance and health cover.

INDIVIDUAL COMPLIANCE

10 Compliance for individuals

Individuals file no income tax returns. Their obligations come through employment, property ownership and reporting to financial institutions.

Employees

Employers deduct the employee shares of payroll tax, social insurance, pension and health insurance, and file payroll tax returns by the 15th of the month after each quarter. Employers with payroll of \$200,000 or more file electronically.

Property owners

When	What
On purchase or gift	Stamp duty on the conveyance; licence fee for non-Bermudians
March and September	Land tax, on the date in the demand note
After a death	Stamp duty on the estate, generally within 90 days

Late land tax attracts interest. Owners aged 65 or over who occupy their home may claim relief.

Non-residents and expatriates

- ◆ Pay for work in Bermuda bears payroll tax from the first day, whoever the employer
- ◆ Foreign staff need a work permit before starting work
- ◆ Work permit holders pay social insurance but are outside occupational pensions
- ◆ Banks ask for self-certification of tax residence under CRS and FATCA
- ◆ US persons continue to file US returns and foreign account reports
- ◆ Non-Bermudians need a government licence to buy property

Plan before you move

Leaving a taxing country can trigger exit or departure rules there. Take advice on timing, residence ties and existing assets before relocating.

INDIRECT TAXES

11 Indirect taxes and customs

There is no VAT, GST or sales tax. Customs duty, collected by the Customs Department, is the main tax on goods.

Item	Position
VAT, GST or sales tax	None
Customs duty, general	Most commonly 25% of value
Reduced rates	Many essential goods, extended in the 2026/27 Budget
Specific rates	Fuel, alcohol, tobacco and motor vehicles
Vacation rentals	4.5% fee on the rate charged, plus an annual property fee
Services, including digital	No tax on local, imported or digital services

Customs procedure

Duty is charged at the rates in the Customs Tariff. It is a cost to the business, not recoverable, so landed cost matters in pricing.

Excise

There is no separate excise tax; fuel, alcohol and tobacco carry specific duty rates instead.

Allowances

Residents returning to Bermuda have a \$300 duty-free allowance on goods they bring with them; visitors \$50. New residents may import household effects under a transfer of residence allowance.

Registration and returns

Without VAT there is no registration threshold or input tax recovery. Importers declare goods to Customs and pay duty before release.

Duty relief

Relief is available for approved hotel projects under the Hotels Concessions Act and for other approved projects. The 2026/27 Budget widened duty relief on essential goods and energy inputs and removed the 4 cents a litre fuel duty surcharge on fuel for electricity generation.

ADMINISTRATION

12 Tax calendar and administration

Main tax laws

Corporate Income Tax Act 2023; Corporate Income Tax Agency Act 2024; Tax Credits Act 2025; Payroll Tax Act 1995; Taxes Management Act 1976; Land Valuation and Tax Act 1967; Stamp Duties Act 1976; Economic Substance Act 2018; Contributory Pensions Act 1970.

Authorities

CITA administers corporate income tax and credits; the Tax Commissioner local taxes; the Customs Department duties; the Registrar of Companies economic substance; the Ministry of Finance information exchange.

Recent and upcoming changes

- ◆ **2025:** corporate income tax in force; Tax Credits Act
- ◆ **2026/27 Budget:** lower payroll tax rates; \$20,000 dividend deductible; duty relief on essentials
- ◆ **2026:** 1% rate for small employers restored from October; first returns due
- ◆ **Ahead:** new land valuation list from 31 December 2026; review of a broad-based income tax and earnings-related social insurance

When	What
Each month	Social insurance and pension contributions
15 Jan, Apr, Jul, Oct	Payroll tax return and payment for the quarter
31 January	Annual government fee to the Registrar
March and September	Land tax instalments
30 April	CRS registration for new financial institutions
31 May	CRS returns for the previous year
30 June	Economic substance declaration
31 August	First corporate income tax instalment (50%)
30 September	CRS compliance certification
31 October	Corporate income tax return and balance (2 November in 2026)
15 December	Second instalment, bringing the total to 90%
31 December	Country-by-country report for the previous year

Dates assume a December year-end. Deadlines on a non-business day move to the next business day.

YOUR PARTNER

13 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, supports groups, employers and individuals with Bermuda's corporate income tax, payroll taxes and international reporting.

Tax compliance

CIT registration, instalments and returns, payroll tax returns and filing calendars.

Corporate tax advisory

Scope reviews, elections, transition adjustments, losses and structuring.

International tax and transfer pricing

Pillar Two, foreign tax credits, CRS, FATCA, country-by-country reporting and economic substance.

Indirect taxes (VAT/GST and customs)

Customs duty, relief applications and landed cost reviews.

Payroll and employment taxes

Payroll tax, social insurance, pension and health insurance compliance and relief claims.

Tax disputes and authority engagement

CITA enquiries, Tax Commissioner assessments and penalty reviews.

Incentives and investment planning

Tax credits, payroll tax relief, Economic Empowerment Zones and project duty relief.

Private client and expatriate tax

Relocation, home-country tax, US filings, property and estates.

Tax technology and reporting

CIT data, provisions, schedules and reporting processes.

Start with a conversation

Tell us about your plans or your tax question in Bermuda, and we will set out the steps and timeline 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 Bermuda

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Key official sources

- Corporate Income Tax Agency (cita.bm)
- Office of the Tax Commissioner (gov.bm)
- Ministry of Finance (gov.bm)
- Customs Department (customs.gov.bm)
- Department of Social Insurance (gov.bm)
- Registrar of Companies (registrarofcompanies.gov.bm)
- Bermuda Monetary Authority (bma.bm)
- Land Valuation Department (landvaluation.bm)



This publication contains general information only, current to October 2026, and is not professional advice. Tax rates, thresholds and procedures change frequently, often with each budget, and the corporate income tax regime is still being refined; confirm the current position with Dawgen Global, the Corporate Income Tax Agency or the Office of the Tax Commissioner before acting. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request.

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