

AS AMENDED IN THE HOUSE OF ASSEMBLY

A BILL

entitled

CORPORATE INCOME TAX AGENCY AMENDMENT ACT 2026

WHEREAS it is expedient to amend the Corporate Income Tax Agency Act 2024 as to provide an additional source of funds for the Agency and to establish a general reserve fund and for connected purposes;

Be it enacted by The King'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 Corporate Income Tax Agency Amendment Act 2026.

Interpretation

2 In this Act "principal Act" means the Corporate Income Tax Agency Act 2024.

Amends section 10

3 Section 10(1) of the principal Act is amended by inserting after paragraph (c) the following new paragraph—

"(d) any moneys allocated to the Agency under the rules of the general reserve fund established under section 10A and the tax refund reserve fund established under section 50A of the Corporate Income Tax Act 2023 for the purposes of the Agency meeting its operating expenses."

Inserts section 10A

4 The principal Act is amended by inserting after section 10 the following new section—

"General reserve fund

10A (1) The Agency shall establish and maintain a general reserve fund to which, subject to subsection (3), there shall be transferred at the end of each financial year an amount representing any surplus, or from which there shall be

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deducted an amount representing any deficit, of the Agency for that financial year, which in each case shall be determined pursuant to subsection (6).

(2) Where there exists any surplus at the end of a financial year, then there shall be transferred to the general reserve fund the smaller of—

- (a) the surplus; or
- (b) the amount of the surplus as will make the amount in the general reserve fund equal to 50% of the approved budgeted expenses of the Agency for the following financial year.

(3) Following the application of subsection (2), any surplus at the end of a financial year not transferred to the general reserve fund shall, unless otherwise directed by the Minister, be transferred to the Consolidated Fund.

(4) Where in any financial year, the Agency should incur a deficit which exceeds the amount then standing to the credit of the general reserve fund at the beginning of the financial year, a sum equivalent to the amount by which the deficit exceeds the general reserve fund shall be paid to the Agency from the Consolidated Fund.

(5) Where a deficit under subsection (4) arises from actual expenditures exceeding the approved budgeted expenditures under subsection (6), without the prior authorisation of the Minister, then the unapproved expense amount shall only be transferred to the Agency from the Consolidated Fund following approval by the Minister.

(6) For purposes of this section—

- (a) a surplus means the excess, if any, of the funds received under section 10(1) by the Agency in a financial year over the amount of operational expenses (current plus capital) incurred by the Agency in a financial year; and
- (b) a deficit means the excess, if any, of the amount of operational expenses (current plus capital) incurred by the Agency in a financial year over the funds received by the Agency in a financial year.”

Consequential amendment of the Tax Credits Act 2025

5 Section 28(3) of the Tax Credits Act 2025 is amended by deleting the words “and is required under that Act or regulations made thereunder to file audited financial Statements” at the end of that subsection.

Commencement

6 This Act shall come into force on 31 March 2026.

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EXPLANATORY MEMORANDUM

This Bill seeks to amend the Corporate Income Tax Agency Act 2024 to provide an additional source of funds for the Agency and to establish a general reserve fund and for connected purposes.

Clause 1 provides the title of the Bill.

Clause 2 provides the interpretation provision for the Bill.

Clause 3 amends section 10(1) to add a new source of funds for the Agency, that is, moneys to be allocated to the Agency under the rules of the general reserve fund established under section 10A and the tax refund reserve fund established under section 50A of the Corporate Income Tax Act 2023.

Clause 4 provides for a new section 10A which creates a general reserve fund to which the surplus of the Agency in a financial year will be transferred.

Clause 5 provides for the consequential amendment of the Tax Credits Act 2025 by removing the audit threshold, which would level the playing field for all charities by removing the perceived incentive to direct donations to larger charities. This allows for the improved administration of the Community Development Tax Credit by the Agency.