

A BILL

entitled

PAYROLL TAX AMENDMENT ACT 2025

WHEREAS it is expedient to amend the Payroll Tax Act 1995 and the Payroll Tax Rates Act 1995;

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 Payroll Tax Amendment Act 2025.

Inserts section 9E into the Payroll Tax Act 1995

2 After section 9D of the Payroll Tax Act 1995 insert—

“Special provision for remuneration on termination of employment

9E Notwithstanding the provisions of this Act or the Rates Act, an employee shall not be liable to payroll tax at the employee's standard rate bands in relation to any remuneration falling within section 7(1)(c) (payments made or things of value given in connection with the permanent termination of employment on account of redundancy or otherwise), but shall instead be charged at the rate prescribed in the Rates Act for the purposes of this section.”

Inserts section 4D into the Payroll Tax Rates Act 1995

3 After section 4C of the Payroll Tax Rates Act 1995 insert—

“Remuneration on termination of employment

4D 0% is prescribed as the rate for the purposes of section 9E.”

Commencement

4 This Act comes into operation on 1 July 2025; and, for the avoidance of doubt, applies in relation to remuneration given to an employee or former employee on or after that date in connection with the permanent termination of employment, regardless of the date of termination.

PAYROLL TAX AMENDMENT BILL 2025

EXPLANATORY MEMORANDUM

This Bill seeks to amend the Payroll Tax Act 1995 and the Payroll Tax Rates Act 1995 (“the Rates Act”) to reduce to 0% an employee’s liability to payroll tax on remuneration given in connection with the permanent termination of employment.

Clause 1 is self-explanatory.

Clause 2 inserts new section 9E into the Payroll Tax Act 1995. This provides that an employee is not liable to payroll tax at the employee’s standard rate bands in relation to any remuneration falling within section 7(1)(c) of the Act (payments made or things of value given in connection with the permanent termination of employment on account of redundancy or otherwise), but instead at the rate prescribed by the Rates Act. The employer’s liability to payroll tax on such payments is not changed.

Clause 3 inserts new section 4D into the Rates Act which prescribes 0% as the rate of payroll tax chargeable to an employee for such remuneration.

Clause 4 provides for commencement on 1 July 2025, and confirms that the rate change will apply in relation to remuneration given to an employee or former employee on or after that date in connection with the permanent termination of employment, regardless of the date of termination.