

A BILL

entitled

PAYROLL TAX AMENDMENT AND VALIDATION ACT 2022

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WHEREAS it is expedient to amend the Payroll Tax Act 1995 and the Payroll Tax Rates Act 1995, and to validate certain waivers of payroll tax granted by or on behalf of the Minister of Finance;

Be it enacted by The Queen'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 and Validation Act 2022.

Amends section 9C

2 In section 9C of the Payroll Tax Act 1995 ("the principal Act")—

- (a) in subsection (1), in the definition of "qualifying employee"; and
- (b) in subsection (2),

delete "31 March 2022" and substitute "31 March 2024".

Amends section 9CA

3 In section 9CA of the principal Act—

- (a) in subsection (1), in the definition of "qualifying employee"; and
- (b) in subsection (2),

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delete “31 March 2022” and substitute “31 March 2024”.

Amends section 9D

4 In section 9D(3) of the principal Act, delete “31 March 2022” and substitute “31 March 2024”.

Amends section 3A of the Rates Act

5 In section 3A of the Payroll Tax Rates Act 1995 (“the Rates Act”), in the table of standard rate bands in subsection (1)—

- (a) in the entry relating to the annual remuneration band up to \$48,000, delete “2.00%” and substitute “1.50%”;
- (b) in the entry relating to the annual remuneration band of \$48,001 to \$96,000, delete “8.50%” and substitute “9.00%”.

Validation

6 (1) This section applies to any waivers of payroll tax liability granted by or on behalf of the Minister of Finance since 15 July 2020 for any period up to 30 September 2022, as a result of the exceptional circumstances resulting from the declaration of a public health emergency in Bermuda by the Minister of Health under section 107A of the Public Health Act 1949.

(2) Any such waivers shall be deemed to have been validly granted in accordance with section 22 of the Public Treasury (Administration and Payments) Act 1969.

Commencement

7 This Act comes into operation on 1 April 2022.

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### EXPLANATORY MEMORANDUM

This Bill seeks to amend the Payroll Tax Act 1995 (“the principal Act”) and the Payroll Tax Rates Act 1995, and to validate certain waivers of payroll tax granted by or on behalf of the Minister of Finance.

Clause 1 is self-explanatory.

Clause 2 amends section 9C of the principal Act (new hire relief for qualifying employers: 2018) to extend for two years to 31 March 2024 the new hire relief available under that section in relation to qualifying employees whose full-time employment by a qualifying employer first commences during the period 1 April 2018 to 31 March 2024.

Clause 3 amends section 9CA of the principal Act (new hire relief for qualifying employers: 2020) to extend for two years to 31 March 2024 the new hire relief available under that section in relation to qualifying employees whose full-time employment by a qualifying employer first commences during the period 1 April 2020 to 31 March 2024.

Clause 4 amends section 9D of the principal Act (special provision for Bermudian musicians and entertainers) to extend for two years to 31 March 2024 the relief available under that section in relation to Bermudian musicians and other entertainers.

Clause 5 amends the table of standard rate bands in section 3A(1) of the Payroll Tax Rates Act 1995, to reduce from 2.00% to 1.50% the payroll tax payable on the annual remuneration band up to \$48,000, and to increase from 8.50% to 9.00% the payroll tax payable on the annual remuneration band from \$48,001 to \$96,000.

Clause 6 validates waivers of payroll tax granted by or on behalf of the Minister of Finance since 15 July 2020, the commencement date of the revised section 22 of the Public Treasury (Administration and Payments) Act 1969, for any period up to 30 September 2022. Section 22 of the 1969 Act empowers the Minister to waive the payment of public money by specified persons or classes of person in exceptional circumstances, including where a public health emergency has been declared by the Minister of Health under section 107A of the Public Health Act 1949. Following the Governor’s Proclamation of a State of Emergency on 1 April 2020, a public health emergency was first declared to exist in Bermuda by the Minister of Health under section 107A of the 1949 Act from 30 June 2020, pursuant to the declaration by the World Health Organization that COVID-19 was a global pandemic. The public health emergency has continued in effect since that date with the approval of the Legislature, see the Public Health (COVID-19) Emergency Order 2020 (BR 71/2020) and the Public Health (COVID-19) Emergency Order 2021 (BR 5/2021).

Clause 7 provides for commencement.