A BILL

entitled

PAYROLL TAX AMENDMENT ACT 2023

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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 2023.

Amends section 3 of the principal Act
2 In sections 3(3) and 3(4) of the Payroll Tax Act 1995 (the “principal Act”) delete “$900,000” wherever it occurs and substitute “$1,000,000”.

Amends section 9 of the principal Act
3 In section 9(2)(g) of the principal Act delete the full stop and substitute a semi colon and thereafter insert—

“(h) during any period of maternity or paternity leave, not exceeding the period set out in section 16(2) (maternity leave) or 16A(2) (paternity leave) of the Employment Act 2000, in any 12-month period.”.
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Amends section 3A of the Rates Act

4 In section 3A(1) of the Payroll Tax Rates Act 1995 (the “Rates Act”), under the heading “Table of standard rate bands”, delete the table and substitute—

<table>
<thead>
<tr>
<th>Annual remuneration band</th>
<th>Tax payable on that band</th>
</tr>
</thead>
<tbody>
<tr>
<td>up to $48,000</td>
<td>0.50%</td>
</tr>
<tr>
<td>$48,001 to $96,000</td>
<td>9.25%</td>
</tr>
<tr>
<td>$96,001 to $200,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>$200,001 to $500,000</td>
<td>11.50%</td>
</tr>
<tr>
<td>$500,001 to $1,000,000</td>
<td>12.50%</td>
</tr>
</tbody>
</table>

“.

Amends section 5 of the Rates Act

5 In section 5 of the Rates Act—

(a) under the heading “Class A”, repeal paragraphs (a) and (b) and substitute—

“ (a) employer operating a hotel with an annual payroll of more than $350,000 5.0% ”;

(b) employer operating a restaurant with an annual payroll of more than $350,000 5.0%

(b) under the heading “Class AA”, repeal paragraph (a) and substitute—

“ (a) employer operating a qualifying retail store 6.0% ”;

(c) under the heading “Class B”, repeal paragraphs (d), (e) and (f) and substitute—

“ (d) an educational, sporting or scientific institution, association or society which in the Minister’s opinion is carried on otherwise than for the purpose of gain by its individual members 1.0% ”;

(e) a self-employed person carrying on business as a horticulturist 1.75%

(f) an employer with an annual payroll of less than $200,000 1.0%

(g) a self-employed person carrying on business as a fisherman or a farmer 0% ”;

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(d) repeal the heading “Class BB” and all of the entries thereunder and substitute—

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) employer with an annual payroll of not less than $200,000 and not more than $350,000</td>
<td>2.5%</td>
</tr>
<tr>
<td>(b) employer with an annual payroll of more than $350,000 and not more than $500,000</td>
<td>5.25%</td>
</tr>
<tr>
<td>(c) employer with an annual payroll of more than $500,000 and not more than $1,000,000</td>
<td>7.5%</td>
</tr>
<tr>
<td>(d) employer with an annual payroll of more than $1,000,000</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

Commencement

6 This Act comes into operation on 1 April 2023.
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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 (the “Rates Act”).

Clause 1 is self-explanatory.

Clause 2 amends section 3 of the principal Act to increase the maximum level of remuneration that is subject to payroll tax from $900,000 to $1,000,000. This change provides that in respect of all categories of payroll tax payers, remuneration exceeding $1,000,000 in a tax year shall be disregarded and not subject to payroll tax.

Clause 3 amends section 9(2) of the principal Act to provide that an employee is in a special situation during any period of maternity or paternity leave not exceeding the period set out, respectively, in sections 16(2) and 16A(2) of the Employment Act 2000 (currently 13 weeks for maternity leave and 5 consecutive days for paternity leave) taken within a 12-month period. This change provides that during such period, the employer is not chargeable to tax in respect of remuneration paid to that employee.

Clause 4 amends section 3A(1) of the Rates Act to adjust the annual remuneration standard rate bands and payroll tax rates chargeable to employees and deemed employees.

Clause 5 amends section 5 of the Rates Act to make adjustments to the classes of employer (not subject to payroll tax at the standard rate) and to the respective tax rates.

Clause 6 provides for commencement on 1 April 2023.