A BILL

entitled

PAYROLL TAX RATES AMENDMENT (NO. 2) ACT 2026

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WHEREAS it is expedient to amend 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 Rates Amendment (No. 2) Act 2026.

Amends section 2 of the Rates Act

2 In section 2 of the Payroll Tax Rates Act 1995 (the "Rates Act") insert the following definitions in their proper alphabetical places—

" "licensed credit union" means a credit union for the time being licensed under the Credit Unions Act 2010;

"registered worker trade union" means a trade union for the time being registered under the Trade Union and Labour Relations (Consolidation) Act 2021, whose principal purposes include the representation and promotion of workers' interests, but does not include an employers' organisation.".

Amends section 3 of the Rates Act

3 In section 3 of the Rates Act (the standard rate)—

(a) in subsection (1) (employers), delete "9.75%" and substitute "9.25%"; and

(b) in subsection (2) (self-employed persons), delete "9.75%" and substitute "9.25%".

Amends section 3A of the Rates Act

4 In section 3A of the Rates Act (the standard rate bands for employees and deemed employees), delete the table in subsection (1) and substitute—

" *Table of standard rate bands*

Annual remuneration band	*Tax payable on that band*
up to $48,000	0.25%
$48,001 to $96,000	4.50%
$96,001 to $200,000	10.75%
$200,001 to $500,000	12.00%
$500,001 to $1,000,000	12.50%

".

Amends section 5 of the Rates Act

5 Section 5 of the Rates Act (rates for certain classes of employer) is amended as follows—

(a) In Class A—

(i) in paragraph (a), delete "4.0%" and substitute "3.5%".

(ii) in paragraph (b), delete "4.0%" and substitute "3.5%".

(b) In Class AA(a), delete "5.0%" and substitute "4.5%";

(c) In Class B—

(i) in paragraphs (a), (aa), (b) and (c), in each place delete "3.0%" and substitute "2.5%".

(ii) in paragraph (d), delete "1.0%" and substitute "0.5%".

(iii) in paragraph (e), delete "1.75%" and substitute "1.25%".

(iv) in paragraph (f), delete "1.0%" and substitute "0.5%".

(v) after paragraph (g) insert—

"(h)	a registered worker trade union, with an annual payroll of more than $350,000	2.5%
(i)	a licensed credit union, with an annual payroll of more than $350,000	2.5%

";

(d) In Class BB—

(i) in paragraph (a), delete "2.0%" and substitute "1.5%";

(ii) in paragraph (b), delete "4.75%" and substitute "4.25%";

(iii) in paragraph (c), delete "7.0%" and substitute "6.5%"; and

(iv) in paragraph (d), delete "9.5%" and substitute "9.0%".

Amends section 5 of the Rates Act

6 In section 5 of the Rates Act—

(a) number the provision preceding the Table as subsection (1); and

(b) after the Table insert—

"(2) For the purposes of paragraph (b) of Class A in the Table and notwithstanding the definition in section 2, an employer operating a restaurant—

(a) includes an employer whose principal business is preparing and selling meals for consumption otherwise than on the premises, or both on and off the premises; but

(b) does not include an employer which prepares and sells meals incidental to its principal business of operating a supermarket, grocery, wholesale food business or other retail food store.

(3) Subsection (2) applies only for determining the rate under Class A and does not extend the special situation relief for restaurant employees under section 9(2)(e)(ii) of the Payroll Tax Act 1995.".

Commencement

7 (1) This Act comes into operation on 1 January 2027.

(2) The amendments made by this Act apply in respect of the tax period beginning on 1 January 2027 and subsequent tax period, and do not affect tax chargeable in respect of any earlier tax period.

PAYROLL TAX RATES AMENDMENT (NO. 2) BILL 2026

EXPLANATORY MEMORANDUM

This Bill seeks to amend the Payroll Tax Rates Act 1995 for tax periods beginning on or after 1 January 2027.

Clause 1 provides the citation.

Clause 2 defines eligible worker trade unions by reference to their registration and worker-representation purposes and eligible credit unions by reference to existing licensing legislation.

Clause 3 reduces the standard employer and self-employed payroll-tax rates from 9.75% to 9.25%.

Clause 4 substitutes the settled marginal employee-rate bands, keeping all five remuneration thresholds unchanged. The rate for remuneration between $48,001 to $96,000 is reduced from 7.75% to 4.5%, and the rate for remuneration between $200,001 to $500,000 is increased from 11.50% to 12%.

Clause 5 reduces all existing positive percentage rates in the employer and self-employed classes by 0.5 percentage points and introduces a 2.5% ceiling for qualifying worker trade unions and licensed credit unions. Existing zero rates remain unchanged.

Clause 6 extends the 3.5% Class A restaurant rate to takeaway and mixed-service restaurants, excluding incidental supermarket and grocery food sales and preserving the separate November-March special situation provision.

Clause 7 provides for commencement and application from 1 January 2027, without affecting earlier tax periods.