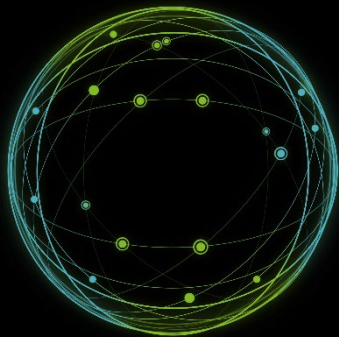


International Tax

Bermuda Highlights 2026

Updated January 2026



Recent developments

For the latest tax developments relating to Bermuda, see [Deloitte tax@hand](#).

Investment basics

Currency: Bermuda dollar (BMD)

Foreign exchange control: Exempted and permit partnerships, and exempted and permit companies, normally are designated as nonresident for exchange control purposes and may conduct their day-to-day operations free of any form of exchange control. They may pay dividends, distribute capital, open and maintain bank accounts, and acquire assets and net liabilities in any currency.

Accounting principles/financial statements: A company generally is free to adopt any basis, such as GAAP or IFRS, that has international recognition for its general purpose financial statements. Regulated insurance companies must also report under accounting practices prescribed by the Bermuda Monetary Authority. Audits must be performed under auditing standards that are consistent with the International Standards on Auditing.

Principal business entities: These are local and exempted companies, partnerships, and trusts. Local companies are limited liability companies that generally are incorporated and controlled by Bermudians to conduct business in Bermuda. Exempted companies include exempted limited liability companies and nonresident (permit) companies that generally are incorporated by non-Bermudians to conduct business outside Bermuda from a place of business in Bermuda. Partnerships are classified similarly.

Corporate taxation

Rates

Corporate income tax rate	15% (for entities within scope of corporate income tax)
Branch tax rate	15% (for entities within scope of corporate income tax)
Capital gains tax rate	See “Capital gains,” below

Residence: A tax resident entity is defined as an entity incorporated, formed, or organized in Bermuda, unless the entity provides sufficient evidence that it is tax resident in another jurisdiction based on its central management and control.

Basis: The corporate income tax (CIT) is effective for fiscal years beginning on or after 1 January 2025 and applies only to Bermuda constituent entity groups (BCE groups), comprising one or more Bermuda constituent entities (BCEs) of an in-scope multinational enterprise (MNE) group. The CIT is broadly aligned with the global anti-base erosion (GloBE) or “Pillar Two” model

rules published by the OECD/G20 Inclusive Framework on BEPS, which are designed to ensure a global minimum level of taxation of 15% for in-scope MNE groups.

An in-scope MNE group is an MNE group with EUR 750 million or more in total global revenue in at least two of the previous four fiscal years. A BCE is a Bermuda tax resident entity (see “Residence,” above) or a Bermuda permanent establishment (PE) that is a constituent entity of an in-scope MNE group. A Bermuda PE refers to a fixed place of business in Bermuda through which the business of an entity not otherwise incorporated or formed in Bermuda is wholly or partly carried on, as determined in accordance with article 5 of the OECD model tax treaty.

Previously, the government issued tax assurance certificates indicating that Bermuda tax resident entities granted such a certificate would be exempt from certain taxes. The government has confirmed that the CIT regime will supersede any existing tax assurance certificates held by entities within the scope of CIT. However, exemptions under a tax assurance certificate remain applicable to entities outside the scope of CIT.

“Excluded entities” (e.g., governmental entities, not-for-profit organizations, pension funds, investment funds) are exempt from CIT.

Taxable income: The taxable income of a BCE is calculated based on its financial accounting net income or loss (FANIL), with certain adjustments.

Adjustments to FANIL to arrive at taxable income are generally consistent with the adjustments summarized in the GloBE model rules, such as adjustments for prior period errors and changes in accounting principles; adjustments for stock-based compensation; and adjustments to remove the net tax expense or benefit, excluded dividends, excluded equity gains or losses, and asymmetric foreign currency gains or losses.

A notable adjustment that differs from the GloBE model rules is the economic transition adjustment (ETA). The ETA provides a transition adjustment by replacing the book value of assets and liabilities with their fair value as at 30 September 2023, for the purposes of calculating the adjustment applicable to each fiscal year commencing on or after 1 January 2025 (the number of fiscal years for which the ETA is made varies depending on the item). BCE groups have the option to elect out of the ETA.

The Corporate Income Tax Act 2023 (“CIT Act”) provides for various other elections, which may be made at the discretion of the taxpayer. These elections are designed to provide flexibility to taxpayers, and in some cases to help taxpayers ensure that uneconomic outcomes do not arise. A taxpayer will generally be expected to make elections as part of the tax return filing process.

Rate

General

The statutory CIT rate is 15%.

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

The CIT rules incorporate key foundational definitions from the GloBE model rules; however, the CIT rules differ notably from the model rules. The CIT framework does not incorporate an income inclusion rule (IIR) and does not include an undertaxed profits rule (UTPR).

Taxation of dividends: Dividends are subject to CIT unless they meet the definition of excluded dividends under the CIT Act.

Capital gains: There is no standalone capital gains tax regime; however, capital gains may be included in financial accounting net income, and no specific adjustment is provided to exclude capital gains from taxable income unless another exclusion applies (e.g., excluded equity gain or loss).

Losses: Each BCE may bring forward an opening tax loss carryforward. This opening loss is generally calculated based on the net losses incurred during the five fiscal years immediately preceding the first fiscal year in which the in-scope MNE group becomes subject to CIT, provided that no portion of the opening loss arises prior to 1 October 2023, unless an election is made to disapply the ETA. Additionally, tax losses incurred in fiscal years beginning on or after the first in-scope fiscal year may be carried forward to offset future taxable income. The amount of any loss carryforward deduction in a given year is generally limited to 80% of taxable income before applying the deduction, and losses cannot be carried back.

Foreign tax relief: Foreign taxes may be credited against CIT. The types of non-Bermuda taxes that are creditable foreign taxes include income taxes (federal, state, and local), taxes imposed in lieu of a generally applicable CIT (including, e.g., US federal excise tax on insurance and reinsurance premiums), and taxes imposed by reference to retained earnings and corporate equity.

Participation exemption: There is no standalone participation exemption regime; however, dividends or equity gains/losses may be excluded from taxable income if they meet the “excluded dividends” or “excluded equity gain/loss” criteria under the CIT Act.

Holding company regime: There is no holding company regime.

Incentives: Qualifying Bermuda groups may obtain a tax credit if they demonstrate substantial on-island activity. Qualifying Bermuda groups are groups that (i) include at least one Bermuda entity that was registered as an insurer by the Bermuda Monetary Authority under the Insurance Act 1978 during the fiscal year, and (ii) derived more than 50% of group gross revenue for the fiscal year from Bermuda-regulated insurers. The credit is the sum of two components: a job-based benefit and an expense-based benefit.

Compliance for corporations

Tax year: The tax year is generally the accounting period (calendar year or fiscal year) with respect to which the ultimate parent entity of the MNE group prepares its consolidated financial statements.

Consolidated returns: CIT returns are filed by a designated filing BCE on behalf of the BCE group.

Filing and payment: A BCE designated as the “filing BCE” is required to file a CIT return for the BCE group that complies with any prescribed information reporting and/or documentation requirements. The CIT return is due on or before the last day of the 10th month following the end of the relevant fiscal year.

The filing BCE is required to remit installment payments reflecting a portion of the estimated CIT liability of the BCE group for the fiscal year, prior to the due date for filing its CIT return for the year. The first installment (50% of the estimated CIT liability) must be paid by the last day of the eighth month after the beginning of the fiscal year, and the second installment (40% of the estimated CIT liability) must be paid by the 15th day of the 12th month after the beginning of the fiscal year. A true-up payment for any balance of tax due for the fiscal year must be made no later than the due date for filing the CIT return.

Penalties: Interest on tax underpayments for a BCE group accrues from the day after the underpayment arises until it is satisfied, with interest ceasing to be chargeable on any portion that is paid. If payment is made within 21 days of a notice and demand, no interest applies after the notice date. Interest is assessed and collected like tax, compounded monthly, and calculated at a rate equal to 4% per annum plus the one-year US dollar risk-free spot rate published by the Bermuda Monetary Authority. Certain offsets, such as overpayments from other years or distributable tax credits, may reduce or eliminate interest for specific periods.

Rulings: There are no specific provisions relating to tax rulings.

Individual taxation

Neither resident nor nonresident individuals are subject to income, withholding, or capital gains taxes in Bermuda.

Compliance for individuals

There is no individual income tax in Bermuda.

Withholding tax

There are no withholding taxes on dividends, interest, royalties, or fees for technical services in Bermuda, and no branch remittance tax.

Anti-avoidance rules

Transfer pricing: The CIT Act generally requires transactions between a Bermuda entity subject to CIT and another group entity located in a different jurisdiction to be consistent with the arm's length principle. See also "Disclosure requirements," below.

Interest deduction limitations: There are no interest deduction limitation rules.

Controlled foreign companies: There are no controlled foreign company rules.

Anti-hybrid rules: There are no anti-hybrid rules.

Economic substance requirements: The Economic Substance Act 2018, as amended (ESA), requires every Bermuda company, limited liability company, and partnership that is engaged in a "relevant activity" to maintain a substantial economic presence in Bermuda and comply with the economic substance requirements prescribed by the ESA (unless it is considered a nonresident entity).

Relevant activity means carrying on business in:

- Banking;
- Insurance;
- Fund management;
- Financing;
- Leasing;
- Headquarters;
- Shipping;
- Distribution and service centers;
- Intellectual property; and
- Holding entities.

Every applicable entity that submits an application to the Registrar of Companies seeking to register is required to provide a completed "Form declaring type of activity" to the registrar. Entities will not be registered unless the form is submitted.

Any entity carrying on one or more relevant activities must submit an economic substance declaration to the Registrar of Companies annually.

Disclosure requirements: Bermuda has adopted the OECD country-by-country (CbC) reporting requirements, which require any Bermuda resident ultimate parent entity of an in-scope MNE group to submit a CbC report to the Ministry of Finance annually.

Exit tax: There is no exit tax.

General anti-avoidance rule: There is no general anti-avoidance rule.

Value added tax

There is no VAT.

Other taxes on corporations and individuals

Social contributions and payroll taxes

Social contributions

The employer is required to contribute to Bermuda social insurance through payroll deductions of BMD 37.65 per week for each employee. The employee contributes an equal amount through payroll deductions. Pension payments normally commence when an employee reaches age 65.

Payroll tax

Payroll tax is imposed on the total value of cash and benefits paid or given for services rendered in Bermuda by an employee. Payroll tax consists of two components, which must be calculated separately: the employer portion and the employee portion. The employer is responsible for paying both portions but has the option to deduct the employee portion, in full or in part. There are quarterly filing requirements for payroll tax.

The employer is required to pay tax on gross remuneration, as defined in the Payroll Tax Act 1995, based on the following rate structure: 1% if annual payroll is less than BMD 200,000; 2.5% if annual payroll is from BMD 200,000 to BMD 350,000; 5.25% if annual payroll is from BMD 350,001 to BMD 500,000; 7.5% if annual payroll is from BMD 500,001 to BMD 1 million; and 10% if annual payroll is more than BMD 1 million. Exempt undertakings are subject to payroll tax at 10.25%.

The employee portion of payroll tax is a separate amount, calculated using a marginal tax rate structure. The marginal tax rate structure is as follows: 0.5% when annual remuneration is less than or equal to BMD 48,000; 9.25% from BMD 48,001 to BMD 96,000; 10% from BMD 96,001 to BMD 200,000; 11.5% from BMD 200,001 to BMD 500,000; and 12.5% from BMD 500,001 to BMD 1 million.

The sum of the employer and employee portions is the total payroll tax payable.

The payroll tax is payable on remuneration of up to BMD 1 million per employee. Remuneration received by an employee that exceeds BMD 1 million is not subject to payroll tax.

Capital duty: There is no capital duty. Bermuda imposes annual government fees for companies, based on authorized share capital or assessed company size.

Real property tax: An annual land tax is imposed on the annual rental value of land in Bermuda; the value is determined by the Accountant General. The tax, imposed on the owner, is progressive in the sense that the higher the annual rental value, the higher the percentage of tax payable.

Transfer tax: There is no transfer tax.

Stamp duty: International businesses generally are exempt from Bermuda stamp duty, other than on dispositions of Bermuda real property. See also "Inheritance/estate tax," below.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: Stamp duty on estates applies to Bermuda real and personal property. Duty is calculated upon death, progressively, on the value of the deceased's net estate at the date of death, as follows: the first BMD 100,000 is exempt; a

5.25% rate applies to the next BMD 100,000; a 10.5% rate applies to the next BMD 800,000; a 15.75% rate applies to the next BMD 1 million; and a 21% rate applies to the remaining balance over BMD 2 million.

Other: Annual registration fees apply to entities based in Bermuda, with the amount depending on the size and nature of the entity.

A corporate service tax of 7% is imposed on a provider of corporate services in respect of gross earned revenue derived from an exempt undertaking for taxable services provided during a tax period.

A financial services tax is charged on the following financial services providers: banks, domestic insurers, and money service businesses. For banks, the rate is 0.0075% on consolidated gross assets as at the end of a tax period. For domestic insurers, the rate is 3.5% of gross premiums written in a tax period, excluding premiums relating solely to health insurance. For money service businesses, the rate is 1% on the aggregated incoming and outgoing money transmission volume in a tax period.

Tax treaties: Bermuda generally does not have comprehensive treaties for the avoidance of double taxation on income. Bermuda has concluded multiple bilateral tax information exchange agreements (TIEAs) and participates in international exchange-of-information frameworks. Bermuda also has a limited tax convention with the US, relating primarily to the taxation of insurance enterprises and mutual assistance in tax matters.

Tax authorities: Office of the Tax Commissioner, Ministry of Finance (Treaty Unit), Corporate Income Tax Agency

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