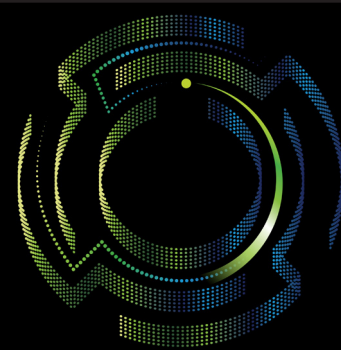


Bermuda Budget 2025/26 Snapshot

"A turning point for Bermuda"

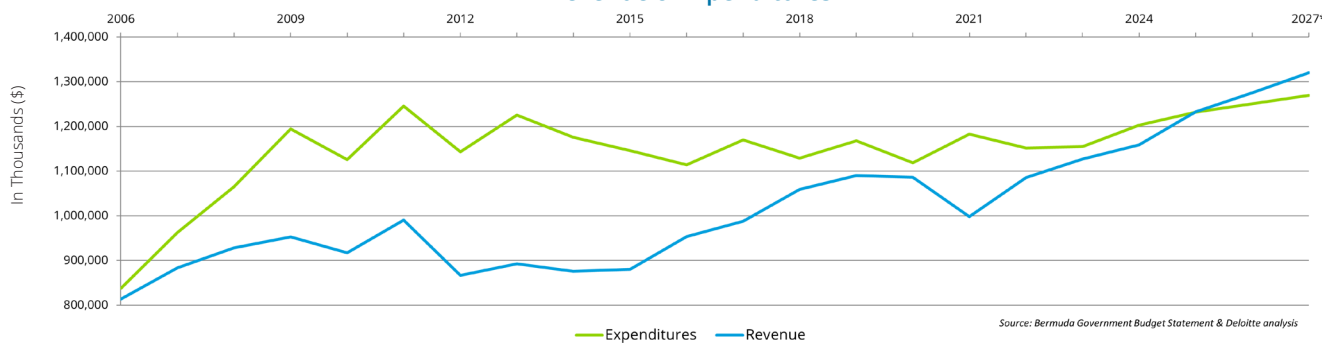
- The Hon. E. David Burt, JP, MP, Premier and Minister of Finance



In presenting the 2025/26 budget statement, Premier and Minister of Finance David Burt highlighted Bermuda's strong economic momentum, noting the budget marked "a turning point for Bermuda" with the 2024/25 Consolidated Fund surplus resulting in the first surplus in 21 years. Highlighting that 2024/25 revenue was \$16.1 million higher than estimated, driven by increased payroll tax receipts, Premier Burt underscored the government's commitment to balancing responsible spending with targeted investments for the future amidst a time of global economic uncertainty. The rollout of Bermuda's now effective corporate income tax (CIT) is forecasted to lead to receipts of \$187.5 million for the fiscal year which are projected to help generate a budget surplus of \$43 million for 2025/26 after considering total expenditure increase of \$118 million.

The international business sector continues to be the engine of Bermuda's economy, driving job creation and projected tax revenues from payroll tax and CIT. The budget also includes a series of tax relief measures such as lower energy taxes, reduced customs duties, and cuts to vehicle and land taxes designed to ease the cost of living. The government plans to accelerate infrastructure upgrades, including roadworks, bridge replacements, and improvements to waste management and educational facilities. Looking forward, Premier Burt emphasized the importance of carefully managing the introduction of the corporate income tax to safeguard Bermuda's global competitiveness and focusing on broadening economic opportunities and ensuring that the benefits of growth are widely shared.

Revenue & Expenditures



Taxes

- No changes to employer/employee payroll tax bands or rates.
- Customs duty on building materials and supplies capped at 10.0% effective July 1, 2025.
- Fuel duty surcharge on electricity generation reduced to 4 cents per litre from 8 cents, effective July 1, 2025.
- Customs duty on all motor vehicle parts eliminated effective July 1, 2025.
- Duty exemption for returning residents increased to \$300.
- Monthly tax on mobile phones reduced to \$6 effective July 1, 2025.
- The base rate on land tax reduced to \$150 effective January 1, 2026.
- Licensing fees for private cars reduced by 10.0% effective April 1, 2026.
- Corporate income tax effective January 1, 2025 with receipts expected to commence in August 2025.
- Corporation Income Tax Agency (CITA) has been set up to administer the CIT regime and has been granted \$4.8 million for 2025/26 which is expected to be in line with the current year operating expenses.

Significant Capital Initiatives

- Capital expenditure provision for the fiscal year is \$149.8 million, an increase of \$37 million compared to the 2024/25 original estimate, and the largest investment since 2008.
- Key capital projects for fiscal year 2025/26 include:
 - Bermuda Housing Corporation capital and housing grant: \$17.0 million
 - Tynes Bay upgrades and maintenance: \$13.1 million
 - New ferries and pilot boat: \$8.8 million
 - Government technology investments: \$6.5 million
 - Education upgrades and maintenance: \$6.3 million

Government Budget

- 2025/26 revenue: \$1,430.7 million
- 2025/26 expenses: \$1,110.0 million
- 2025/26 current account surplus: \$320.6 million
- 2025/26 budget interest on debt: \$127.5 million
- 2025/26 budget capital expenditure: \$149.8 million
- 2025/26 budget surplus: \$43.3 million
- 2024 average inflation rate: 1.9%
- 2024 GDP growth rate: 4.5%–5.0%
- Net debt: \$3.25 billion

Looking Ahead

- Phased increase in the age of eligibility for benefits and an increase in the contributions for public sector employees.
- Proposed adjustments to social insurance contributions and phased increase in the age that benefits can be received.
- CIT revenue projected to increase to \$600.0 million in 2026/27.
- Further policy review expected on the elimination of payroll taxes for employers who retain Bermudian employees over the age of 65, and on the proposed increase in the tax-free threshold for local dividend income from \$10,000 to \$15,000 per the pre-budget report. Implementation is expected in the 2026/27 budget after the policy review.
- Net debt is projected to decline to \$3.20 billion at March 31, 2026 from \$3.25 billion as of March 31, 2025.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities. © 2025 DCB Holding Ltd. and its affiliates.

Connect with our team



Andy DeGregorio
Tax Partner
andy.degregorio@deloitte.com
+1.441.299.1870



Muhammad Khan
Audit Partner
muhammad.khan@deloitte.com
+1.441.299.1357



Helder Carreiro
Advisory Partner
heldar.carreiro@deloitte.com
+1.441.299.1308