

AS TABLED IN THE HOUSE OF ASSEMBLY

A BILL

entitled

PAYROLL TAX RATES AMENDMENT ACT 2015

WHEREAS it is expedient to amend the Payroll Tax Rates Act 1995 and the Payroll Tax Act 1995;

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, which amends the Payroll Tax Rates Act 1995 ("the principal Act"), may be cited as the Payroll Tax Rates Amendment Act 2015.

Amends section 3

2 In section 3 of the principal Act, in subsections (1) and (2), delete "14%" and substitute "14.5%".

Amends section 4

3 In section 4 of the principal Act—

- (a) in subsection (1), delete "7.75%" and substitute "8.25%"; and
- (b) in subsection (3), delete "5.25%" and substitute "5.5%".

Amends section 5

4 In section 5 of the principal Act—

- (a) in Class A, delete "9.75%" and substitute "10.25%";
- (b) in Class B, delete "7.25%" and substitute "7.75%" in respect of paragraphs (a), (b) and (c) only;
- (c) in Class BB—
 - (i) delete "10.75%" and substitute "11.25%"; and
 - (ii) delete "12.75%" and substitute "13.25%"; and

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(d) in Class C, delete “5.25%” and substitute “5.5%”.

Amends section 7

5 In section 7 of the principal Act, delete “5.25%” and substitute “5.5%”.

Amends section 9 of the Payroll Tax Act 1995

6 In section 9(2)(f)(ii) of the Payroll Tax Act 1995, delete “2015” and substitute “2016”.

Commencement

7 This Act comes into operation on 1 April 2015.

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EXPLANATORY MEMORANDUM

This Bill seeks to increase certain rates of payroll tax as set out in the Payroll Tax Rates Act 1995 (“the principal Act”), and to extend the special situation set out in section 9(2)(f) of the Payroll Tax Act 1995.

Clause 1 is self-explanatory.

Clause 2 amends section 3(1) and (2) of the principal Act so as to increase the standard rate by half of one percentage point from 14% to 14.5%.

Clause 3 amends section 4(1) of the principal Act so as to increase by half of one percentage point (from 7.75% to 8.25%) the rate prescribed for the purpose of section 9 of the Payroll Tax Act 1995 (employees in special situations). The rate prescribed for employees falling within the special situation in section 9(2)(f) of that Act is increased by a quarter of one percentage point (from 5.25% to 5.5%). However, the rate prescribed for employees falling within the special situations in section 9(2)(a) and 9(2)(e)(i) of that Act remain unchanged (at 0% and 7.25%, respectively).

Clause 4 amends section 5 of the principal Act to increase by half of one percentage point the rates payable by employers falling within Class A, paragraphs (a), (b) and (c) of Class B and Class BB (increasing from 9.75%, 7.25%, 10.75% and 12.75 % to 10.25%, 7.75%, 11.25% and 13.25%, respectively). For employers falling within Class C the increase is one quarter of a percentage point from 5.25% to 5.5%. However, the rate for paragraphs (d), (e) and (f) of Class B remains unchanged at 7.25%.

Clause 5 amends section 7 of the principal Act to increase the statutory proportion of tax recoverable from employees from 5.25% to 5.5%.

Clause 6 amends section 9(2)(f)(ii) of the Payroll Tax Act 1995 to extend the special situation in paragraph (f) so as to include Bermudian employees who are employed on or before 31 March 2016.

Clause 7 provides for commencement on 1 April 2015.