

PAYROLL TAX GUIDANCE NOTES FOR QC'S WHILE PROVIDING SERVICES IN BERMUDA

In accordance with the Payroll Tax Act 1995 (the 1995 Act), the Government of Bermuda levies a Payroll Tax on all Employers and Self-Employed persons who operate a business or provide services in the Islands of Bermuda. Section 7 of the Taxes Management Act 1976, states inter alia, that any person chargeable to tax in respect of any tax period shall apply to the Collector, within seven days of that particular tax period. Therefore, as Self-Employed persons, it is incumbent on you to register at the Office of the Tax Commissioner (OTC) and thereafter to file the relevant tax returns.

PAYROLL TAX REGISTRATION

A Payroll Tax registration form **must** be completed and submitted to the OTC, with a valid form of identification (passport or driver's license, or copy thereof if it is certified or notarised), to the attention of a Tax Inspector. If you are unable to submit your form for any reason you may delegate a representative to register on your behalf. A Payroll Tax form has been attached for your convenience, and can also be obtained from the OTC or downloaded from the Government website at www.gov.bm

WHAT IS TAXABLE

Tax is levied on total remuneration earned while physically in Bermuda which includes gross salary/wages plus any benefits or allowances paid in addition to the salary wages amount. As QC's your benefits may typically include the cost of meals and lodging, if separately paid by the client over and above the gross salary/wage amount. You are encouraged to contact an Officer of the OTC if you are unsure about what is considered to be remuneration.

PAYMENT OF PAYROLL TAX

The due date for Bermuda Payroll Tax returns is 15 days after each calendar quarter end. That is all tax returns must be submitted to the OTC on or before April 15th, July 15th, October 15th and January 15th. Be advised that late returns will incur penalties of up to 30% of the total taxes owed. For information on calculating your Payroll Tax obligation please visit www.gov.bm/payroll-tax. You should endeavour to settle the taxes obligation on work completed in Bermuda before you leave the island. However, if you do not anticipate returning to work in Bermuda during a particular quarter, you need not wait until the end of the quarter to pay the tax; it may even be done while you are still in Bermuda

THE PROCEDURE FOR THE QUARTERS AFTER YOU LEAVE BERMUDA

If you believe that you will not return to Bermuda to work for the remainder of a calendar year, you may elect to make your account inactive, by completing the **Tax Deletion/Inactive Form** (attached). If you do not complete the form, you must continue to file the **Payroll Tax Return** for each subsequent quarter, stating that your income in Bermuda for the quarter was ***nil***. If it becomes apparent that you need to file more than two nil returns during a calendar year it is advisable that you make the account inactive.

If it is generally accepted that the work you completed in Bermuda was a one-off event then you must submit the **Tax Deletion/Inactive Form** electing to be deleted from the Tax Register. If it turns out that you do return to Bermuda for work, you will be required to re-register.

Please be advised that failure to comply with the 1976 and 1995 Acts will result in the levying of penalties and additional taxes.