

# Form I-202: Instructions for preparation of the Detailed TCB Return Schedules

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## Introduction

Pursuant to the Tax Credits Regulations, a QBGE member of a Qualifying Bermuda Group shall only be eligible to claim a tax credit benefit to the extent that a tax credit claim form (referred to herein as the “TCB Return”) is filed with respect to the Qualifying Bermuda Group for the tax credit determination period. Article 1.1 of these instructions outlines the structure of the TCB Return as prescribed by the Agency, including the requirement that each TCB Return must be accompanied by:

- the Simplified TCB Return Schedules (Form S-203), to the extent that the QBGE members of the Qualifying Bermuda Group are only claiming the Community Development Tax Credit benefit;
- the **Detailed TCB Return Schedules** (Form S-202), to the extent that:
  - the QBGE members of the Qualifying Bermuda Group are claiming any one or more of the Substance-Based Tax Credit benefit, the Community Development Tax Credit benefit, or the Utilities Infrastructure Tax Credit benefit; and
  - the Filing QBGE elects to file the **Detailed TCB Return Schedules**; or
- in all other cases, the Standard TCB Return Schedules (Form S-201).

These instructions are intended to provide further information related to the preparation of the **Detailed TCB Return Schedules**, and are structured as follows:

|                  |                                                                                                                                                                                 |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Chapter 1</b> | provides an overview of the prescribed structure of the TCB Return and other key filing considerations.                                                                         |
| <b>Chapter 2</b> | provides an overview of the <b>Detailed TCB Return Schedules</b> , including the structure of the schedules, data entry requirements, and other general preparation guidance.   |
| <b>Chapter 3</b> | provides an overview of the tax credit election procedures.                                                                                                                     |
| <b>Chapter 4</b> | provides detailed instructions for specific items in the schedules, to the extent that the Agency considers that further elaboration or clarification of such items is merited. |

These instructions are intended to provide general guidance related to the preparation of the **Detailed TCB Return Schedules** and are not intended to provide technical or interpretive guidance related to the application of the Tax Credits legislation to a specific transaction, entity, or group. Nothing in the **Detailed TCB Return Schedules** or these instructions is intended to modify the provisions of the Tax Credits legislation. Unless otherwise indicated, any references to specific legislative sections in these instructions or the TCB Return Schedules are to the Tax Credits Act.

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### Supplemental terms and acronyms

Unless otherwise noted, the terms referenced in the TCB Return Schedules or these instructions shall have the meanings given to such terms in the Tax Credits legislation. Any reference to legislation (whether in statute or regulations) is a reference to that legislation as amended from time to time.

Following is a list of the specific terms or acronyms which have been referenced in the TCB Return Schedules or these instructions, and which are not referenced in the Tax Credits legislation.

|                                        |                                                                                                                                                                         |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>BCE</b>                             | Bermuda Constituent Entity                                                                                                                                              |
| <b>BCE Group</b>                       | Bermuda Constituent Entity Group                                                                                                                                        |
| <b>CIT</b>                             | Corporate income tax chargeable pursuant to the Corporate Income Tax Act 2023                                                                                           |
| <b>CITA Online</b>                     | The <a href="#">digital platform</a> developed to support the CIT and tax credit regimes.                                                                               |
| <b>Filing QBGE</b>                     | Filing Qualifying Bermuda Group Entity                                                                                                                                  |
| <b>QBGE</b>                            | Qualifying Bermuda Group Entity                                                                                                                                         |
| <b>Tax Credits Act</b>                 | Tax Credits Act 2025                                                                                                                                                    |
| <b>Tax credit determination period</b> | The period for which a tax credit benefit is being claimed, including a short period resulting from the application of section 33 (see article 1.3.3).                  |
| <b>Tax Credits legislation</b>         | Tax Credits Act and Tax Credits Regulations                                                                                                                             |
| <b>Tax Credits Regulations</b>         | Tax Credits (Administrative) Regulations 2026                                                                                                                           |
| <b>TCB Return</b>                      | The tax credit claim form prescribed by the Agency pursuant to the Tax Credits Regulations, including the various required components summarised in these instructions. |
| <b>TCB Online Return</b>               | The component of the TCB Return required to be completed in CITA Online (see article 1.1.1).                                                                            |
| <b>TIN</b>                             | The identification number assigned by the Agency to an entity for the purposes of administering the CIT and tax credit regimes.                                         |

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### Chapter 1: Overview of the TCB Return

#### 1.1 TCB Return components

Pursuant to the Tax Credits Regulations, a QBGE member of a Qualifying Bermuda Group shall only be eligible to claim a tax credit benefit (including an accrued tax credit benefit or a distributable tax credit benefit) to the extent that a TCB Return is filed with respect to the Qualifying Bermuda Group for the tax credit determination period.

The Agency has prescribed that the TCB Return of a Qualifying Bermuda Group for a tax credit determination period shall be comprised of the following components:

##### 1.1.1 TCB Online Return (Form 200)

The TCB Online Return provides a high-level summary of the tax credit benefit information attributable to the Qualifying Bermuda Group for the tax credit determination period.

The TCB Online Return is a required component of the TCB Return and is accessed by logging into [CITA Online](#).

Additional information regarding the TCB Online Return filing process can be found on the Agency [website](#).

##### 1.1.2 TCB Return Schedules

The TCB Return Schedules provide detailed information relevant to the determination of the tax credit benefits for each QBGE member of the Qualifying Bermuda Group for the tax credit determination period.

The TCB Return Schedules are Excel-based templates which may be downloaded from the Agency [website](#). The relevant TCB Return Schedules are required to be uploaded to the TCB Online Return prior to submission.

At present, there are three types of TCB Return Schedules:

- the Simplified TCB Return Schedules (Form S-203);
- the Standard TCB Return Schedules (Form S-201); and
- the **Detailed TCB Return Schedules** (Form S-202).

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The TCB Return Schedules applicable to the Qualifying Bermuda Group (as discussed below) are a required component of the TCB Return. A Qualifying Bermuda Group is not required to file more than one type of TCB Return Schedules for a given tax credit determination period.

### 1.1.2.1 Simplified TCB Return Schedules (Form S-203)

The Simplified TCB Return Schedules provide a streamlined reporting option for certain Qualifying Bermuda Groups.

The Simplified TCB Return Schedules may be filed to the extent that the QBGE members of the Qualifying Bermuda Group are only claiming the Community Development Tax Credit benefit for the tax credit determination period. If one or more QBGE members of the Qualifying Bermuda Group are claiming the Substance-Based Tax Credit benefit or the Utilities Infrastructure Tax Credit benefit, the Filing QBGE must file the Standard TCB Return Schedules or the **Detailed TCB Return Schedules**.

### 1.1.2.2 Standard TCB Return Schedules (Form S-201)

Generally, the Standard TCB Return Schedules are required to be filed to the extent that one or more QBGE members of the Qualifying Bermuda Group are claiming the Substance-Based Tax Credit benefit or the Utilities Infrastructure Tax Credit benefit. However, the Filing QBGE may elect to file the **Detailed TCB Return Schedules** in lieu of the Standard TCB Return Schedules.

### 1.1.2.3 Detailed TCB Return Schedules (Form S-202)

The **Detailed TCB Return Schedules** are structured in the same manner as the Standard TCB Return Schedules but include additional detailed data entry (e.g. Schedules 7 to 10) which is intended to support the determination of the job-based benefit component of the Substance-Based Tax Credit benefit.

The **Detailed TCB Return Schedules** are not required to be filed but may be filed in lieu of the Standard TCB Return Schedules at the election of the Filing QBGE.

Alternatively, the Qualifying Bermuda Group may find it helpful to utilise the **Detailed TCB Return Schedules** in support of its determination of the job-based benefit component, following which the summary information from Schedule 4 of the **Detailed TCB Return Schedules** can be used to populate Schedule 4 of the Standard TCB Return Schedules.

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### 1.1.2.4 Failure to accurately file the TCB Return Schedules

To the extent that the TCB Online Return is not accompanied by an upload of the appropriate TCB Return Schedules, the Agency shall not regard the Qualifying Bermuda Group as having satisfied its return filing requirement under the Tax Credits Regulations.

Where the TCB Online Return is accompanied by an upload of the TCB Return Schedules, but where such Schedules are inaccurate, incomplete, or are inconsistent with the information reported in the TCB Online Return, the Agency may conclude that the Qualifying Bermuda Group has not satisfied its return filing requirement under the Tax Credits Regulations.

Penalties may apply in circumstances where inaccurate TCB Return Schedules result in an overstatement of the amount of tax credits claimed.

### 1.1.3 Uploading additional documentation

In certain circumstances, additional documentation may be required to be uploaded to the TCB Online Return prior to submission, including:

- Explanatory statement for an amended return (see article 1.4.2)
- Election statements (see article 3.2)
- Supplemental disclosures filed pursuant to section 38(2)(b) (see the instructions to item S1B3 in article 4.1.3)

In addition, the Filing QBGE may (but is not required to) upload additional explanatory information which supports the preparation of the TCB Return. Any such explanatory information is not treated as part of the TCB Return (and is therefore not compulsory to satisfy the return filing requirement), but any relevant information disclosed in this manner will be considered by the Agency in reviewing the TCB Return.

## 1.2 Due date of the TCB Return

The due date for filing the TCB Return shall be the last day of the tenth month following the end of the fiscal year to which the TCB Return relates. If the last day of the tenth month does not fall on a business day in Bermuda, the due date shall be the first business day in Bermuda following the last day of the tenth month.

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The due date of the TCB Return shall be determined without regard to section 33. Referring to the example in article 1.3.3, the due date of the TCB Returns for each of the first tax credit determination period (ended May 31, 2026) and the second tax credit determination period (ended December 31, 2026) would be November 1, 2027 (i.e. 10 months after the end of the fiscal year which includes the tax credit determination periods, adjusted to reflect that October 31, 2027 does not fall on a business day).

To the extent that an accurate and complete TCB Return (including the relevant TCB Return Schedules, is not filed until subsequent to the due date) certain tax credit benefits may be subject to the application of a late filing adjustment (see section 36(3)).

### 1.3 Key concepts relevant to the TCB Return

Following is a summary of certain key concepts related to the TCB Return which are tracked in CITA Online and which should be reviewed prior to proceeding with preparation and submission of the TCB Return.

#### 1.3.1 QBGE

QBGEs are defined in section 2(1).

Each QBGE is required to be registered with the Agency, following which the QBGE will be assigned a TIN. To the extent that the QBGE has previously been assigned a TIN for CIT purposes, the same TIN will be used for tax credit purposes.

*Prior to proceeding with the preparation and submission of the TCB Return, please review CITA Online to ensure that all QBGE members of the Qualifying Bermuda Group have been registered with the Agency for tax credit purposes and have been assigned a TIN.*

#### 1.3.2 Qualifying Bermuda Group

Qualifying Bermuda Groups are defined in section 2(1).

While tax credit benefits are determined at the QBGE-level, various data elements relevant to the determination of tax credit benefits for the QBGE are derived at the level of the Qualifying Bermuda Group.

A TCB Return must be filed on behalf of a Qualifying Bermuda Group with respect to each tax credit determination period for which tax credit benefits are being claimed by a QBGE member of the Qualifying Bermuda Group.

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The composition of a Qualifying Bermuda Group can be [managed](#) via CITA Online. Each Qualifying Bermuda Group shall be assigned a TCB group TIN ending in “TCB”.

*Prior to proceeding with the preparation and submission of the TCB Return, please review CITA Online to ensure that the appropriate QBGEs have been included in the Qualifying Bermuda Group and the Qualifying Bermuda Group has been assigned a TCB group TIN.*

### 1.3.3 Fiscal year and the tax credit determination period

A separate TCB Return must be filed with respect to each “tax credit determination period” for which an accrued tax credit benefit and/or a distributable tax credit benefit is being claimed.

Generally, the tax credit determination period shall be the accounting period with respect to which:

- the ultimate parent entity of the group prepares its consolidated financial statements, to the extent that the Qualifying Bermuda Group is part of a group (as defined in section 2(1)); or
- the QBGE prepares its financial statements, to the extent that the Qualifying Bermuda Group is comprised of a single QBGE which is not part of a group.

Pursuant to section 33, to the extent that a QBGE is only a member of a Qualifying Bermuda Group for a portion of the fiscal year (other than as described in section 33(2)), the tax credit determination period shall be such portion of the fiscal year. For example, if it is assumed that:

- QBG A is an existing Qualifying Bermuda Group;
- the ultimate parent entity of the group which includes QBG A prepares its consolidated financial statements for the period from January 1 to December 31; and
- QBG A acquires an additional QBGE member on May 31, 2026 (in a manner not described in section 33(2)),

then QBG A would have two tax credit determination periods which fall within its fiscal year ended December 31, 2026. The first tax credit determination period would be from January 1 to May 31, 2026, and the second tax credit determination period would be from June 1 to December 31, 2026. A separate TCB Return would need to be filed with respect to each tax credit determination period.

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*Prior to proceeding with the preparation and submission of the TCB Return, please review CITA Online to ensure that the appropriate fiscal year has been designated for the Qualifying Bermuda Group.*

### 1.3.4 Filing QBGE

The Filing QBGE is responsible for filing the TCB Return.

Each Qualifying Bermuda Group shall designate one of its members as the Filing QBGE for the tax credit determination period. The Filing QBGE is referred to as the “Controller” in CITA Online. The designation of the Filing QBGE/Controller can be [managed](#) via CITA Online.

To the extent that section 33 applies (such that the fiscal year is divided into more than one tax credit determination period), the Qualifying Bermuda Group must designate a different QBGE to act as the Filing QBGE for each tax credit determination period during the fiscal year. Please contact the Agency via CITA Online to arrange for the designation of different Filing QBGEs for each tax credit determination period.

To the extent that a Qualifying Bermuda Group fails to designate a Filing QBGE, the Agency shall designate a member of the Qualifying Bermuda Group as the Filing QBGE.

*Prior to proceeding with the preparation and submission of the TCB Return, please review CITA Online to ensure that the appropriate QBGE has been designated as the Filing QBGE/Controller.*

### 1.4 Amendment of a previously filed TCB Return

Pursuant to the Tax Credits Regulations, the Filing QBGE may amend a previously filed TCB Return. Generally, a previously filed TCB Return may be amended on or before the date that is three years after the original due date of the TCB Return.

#### 1.4.1 Circumstances requiring the filing of an amended TCB Return

To the extent that the Filing QBGE:

- becomes aware that any required component of the original TCB Return is inaccurate or incomplete; or
- intends to revise the treatment of any item in the original TCB Return (e.g. modify an election made in the original TCB Return),

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the Filing QBGE should file an amended TCB Return as soon as the inaccuracy, omission, or change in treatment is identified.

An amended TCB Return is required to be filed regardless of the nature of the revision to the original TCB Return. For example, if a required change to the TCB Return Schedules does not result in a revision to the amounts disclosed in the TCB Online Return, an amended TCB Return (including an amended TCB Online Return and the amended TCB Return Schedules) must nevertheless be filed for the tax credit determination period.

### 1.4.2 Filing procedures for amended TCB Returns

The filing procedures for amended TCB Returns, including the required TCB Return Schedules, are generally consistent with the filing procedures for original TCB Returns.

- The amended TCB Online Return must be filed via CITA Online.
- The amended TCB Online Return must be accompanied by the relevant TCB Return Schedules. To the extent that the TCB Return Schedules:
  - have been amended since the filing of the original TCB Return, only the amended version of the TCB Return Schedules should be included with the TCB Online Return; or
  - have not been amended since the filing of the original TCB Return, the original version of the TCB Return Schedules should be included with the TCB Online Return.
- To the extent that the TCB Return Schedules have been amended, the amended status should be designated in the relevant schedules (e.g. see item S1B1 of the **Detailed TCB Return Schedules**).
- In addition to the TCB Return Schedules, the Filing QBGE is required to upload a statement to the TCB Online Return which describes the nature of the amendment(s). The accompanying statement should clearly describe the nature of all changes made to the specific items in the TCB Return.

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### Chapter 2: Overview of the Detailed TCB Return Schedules

The **Detailed TCB Return Schedules** are intended to support the determination of the tax credit benefit amounts allocated to the QBGE members of the Qualifying Bermuda Group, and to provide the Agency with further information regarding the derivation of such amounts.

The **Detailed TCB Return Schedules** are divided into the following two key components:

- the TCB Return Schedules Summary; and
- the detailed data entry schedules (i.e. Schedules 1 to 10)

#### 2.1 TCB Return Schedules Summary

The TCB Return Schedules Summary aggregates all of the information entered in Schedules 1 to 10 in the manner in which the information is required to be entered in the TCB Online Return (see article 1.1.1).

- The Section and item descriptions in the TCB Return Schedules Summary are consistent with the format of the TCB Online Return.
- The TCB Return Schedules Summary will populate automatically with information obtained from Schedules 1 to 10. No direct entry of data is permitted in the TCB Return Schedules Summary.
- The information required to be entered in the TCB Online Return is presented in the green highlighted cells in the TCB Return Schedules Summary. Cells containing amounts which are computed automatically in the TCB Online Return, or which are not required to be entered in the TCB Online Return based on the information entered in Schedules 1 to 10, will not be highlighted in green.
- The information presented in a green highlighted cell is required to be entered in the TCB Online Return even if the cell contains a nil amount. Nil amounts are presented as a dash (-) in the TCB Return Schedules Summary and should be entered as a numerical value of zero (0) in the TCB Online Return.

As discussed in article 1.1.2, the relevant TCB Return Schedules (including the TCB Return Schedules Summary) must be uploaded to the TCB Online Return prior to submission. To the extent that the information entered in the TCB Online Return is not consistent with the information summarised in

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the green highlighted cells of the TCB Return Schedules Summary uploaded to the TCB Online Return, the Agency may treat the submission of the TCB Online Return as inaccurate or incomplete (see article 1.1.2.4).

### *Detailed Tabular Support*

Most of the information required to be included in the TCB Online Return is entered via detailed data entry tables which are accessed from the TCB Online Return (e.g. the data entry table corresponding to Table 1 in the TCB Return Schedules Summary is accessed from item 1 of the TCB Online Return).

Given that the names of the QBGE members of the Qualifying Bermuda Group reported:

- in the TCB Return Schedules Summary (i.e. see cells D51 through D100) will populate automatically from the names entered in item S1C1; and
- in the detailed tabular support to the TCB Online Return will populate automatically from the names of the QBGEs members of the Qualifying Bermuda Group registered in CITA Online (i.e. QBGE names may not be entered directly in the TCB Online Return),

it is important that the information in CITA online is reviewed prior to submission of the TCB Return (see article 1.3.1).

## 2.2 Detailed data entry schedules (Schedules 1 to 10)

The **Detailed TCB Return Schedules** include the following schedules which are intended to gather detailed information relevant to the application of the Tax Credits legislation to the Qualifying Bermuda Group:

- |                   |                                                                                                                                                                  |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Schedule 1</b> | includes general information regarding the Qualifying Bermuda Group and each of its QBGE members.                                                                |
| <b>Schedule 2</b> | summarises the accrued tax credit benefits and supports the determination of the distributable tax credit benefits for the tax credit determination period.      |
| <b>Schedule 3</b> | includes information relevant to the determination of the Community Development Tax Credit benefits for the tax credit determination period.                     |
| <b>Schedule 4</b> | includes information relevant to the determination of the job-based benefit component of the Substance-Based Tax Credit for the tax credit determination period. |

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- |                    |                                                                                                                                                                                                                                                                                       |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Schedule 5</b>  | includes information relevant to the determination of the expense-based benefit component of the Substance-Based Tax Credit for the tax credit determination period.                                                                                                                  |
| <b>Schedule 6</b>  | includes information relevant to the determination of the tax credit carryforward amounts for the Substance-Based Tax Credit.                                                                                                                                                         |
| <b>Schedule 7</b>  | includes detailed information relevant to the determination of eligible payroll expenses, other than expenses related to long-term compensation awards or multi-employer arrangements (see sections 8(1)(a)(i) and (ii)).                                                             |
| <b>Schedule 8</b>  | includes detailed information relevant to the determination of eligible payroll expenses, other than expenses related to multi-employer arrangements, incurred with respect to long-term compensation awards (see section 8(1)(a)(v) and (vi)).                                       |
| <b>Schedule 9</b>  | includes detailed information relevant to the determination of eligible payroll expenses, other than expenses related to long-term compensation awards, incurred with respect to eligible employees participating in multi-employer arrangements (see section 8(1)(a)(iii) and (iv)). |
| <b>Schedule 10</b> | includes detailed information relevant to the determination of eligible payroll expenses incurred with respect to long-term compensation awards for eligible employees participating in multi-employer arrangements (see section 8(1)(a)(vii) and (viii)).                            |

See Chapter 4 for further information regarding the preparation of these schedules.

### 2.3 Structure and preparation of the detailed data entry schedules

The structure and the preparation methods applicable to Schedules 1 to 10 are generally consistent throughout the **Detailed TCB Return Schedules**.

#### 2.3.1 Data entry

Data entry is only permitted in the **dark blue cells** in the schedules. All other cells in the schedules contain static data or automatically calculated amounts.

Depending on the item, data entry may be restricted to a specific format, including:

- selection of an option from a drop-down menu (e.g. see item S1A6);

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- entry of a date in MM-DD-YY format (e.g. see item S1A4);
- entry of a positive or negative numerical value (e.g. see item S4B9); or
- entry of a positive numerical value only (e.g. see item S4C15).

To the extent that data is entered in a format which is not permitted for the specific item, an error message may appear and the entry may be rejected.

Data entry may also be restricted to the extent that the proposed entry is not consistent with other data elements in the **Detailed TCB Return Schedules**. For example, an error message may appear to the extent that an entry is made for an item that is only relevant when a specific election has been made with respect to the QBGE (e.g. no entry will be permitted in item S5D14 unless the section 19(3)(c) election has been made in item E7).

### 2.3.2 Item references and descriptions

Each item in the data entry schedules has been assigned a unique reference (see column C), as follows:

- each election has been assigned a unique reference ranging from E1 to E9 (see Chapter 3 for further information regarding TCB elections);
- all other items have been assigned a unique reference which begins with “S” and is followed:
  - first, by the number identifying the schedule which contains the item;
  - second, by the letter identifying the Section which contains the item; and
  - last, by the number indicating the item’s location in the Section.

For example, the item reference “S3B2” refers to the second item in Schedule 3, Section B.

In addition, column D of Schedules 1 to 10 generally includes a brief description of each item as well as relevant citations from the Tax Credits Act, the Tax Credits Regulations, and/or cross-references to other relevant items in the **Detailed TCB Return Schedules**.

All item references included in these instructions relate to the **Detailed TCB Return Schedules**, unless otherwise indicated.

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### 2.3.3 QBGE and Qualifying Bermuda Group presentation

Information relevant to the overall Qualifying Bermuda Group (including the aggregate of the values entered for each of the QBGE members of the Qualifying Bermuda Group) is summarised in column G of Schedules 1 to 6.

Information relevant to a specific QBGE is included in the same column throughout Schedules 1 to 6. For example, to the extent that the name of a QBGE is entered in item S1C1, column L:

- the QBGE's name will generally appear in column L at the top of each Section in Schedules 1 to 6;
- any elections which specifically relate to the QBGE should only be made in column L of the relevant election item;
- any data relevant to the QBGE should only be entered in column L in Schedules 1 to 6; and
- any data relevant to other QBGEs should not be entered in column L.

At present, the **Detailed TCB Return Schedules** can accommodate 50 QBGEs. To the extent that a Qualifying Bermuda Group has more than 50 QBGEs, please contact the Agency via CITA Online.

### 2.3.4 Foreign currency considerations

Pursuant to the Tax Credits legislation:

- the tax credit benefits of the QBGE are initially required to be determined in the currency in which:
  - the ultimate parent entity prepares its consolidated financial statements (i.e. to the extent that the Qualifying Bermuda Group is part of a group); or
  - the QBGE prepares its financial statements (i.e. to the extent that the Qualifying Bermuda Group is comprised of a single QBGE which is not part of a group); and
- to the extent that the financial statements are prepared in a currency (referred to herein as the financial statement presentation currency) other than the U.S. dollar, the non-

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U.S. dollar denominated tax credit benefits are required to be converted into the equivalent U.S. dollar amount in accordance with the TCB Regulations.

The financial statement presentation currency (and, in the case of a currency other than the U.S. dollar or the Bermuda dollar, the relevant foreign exchange rate) are required to be entered in items S1A7 through S1A9 (see article 4.1.2). To the extent that a specific item in Schedules 1 to 10 is required to be determined in:

- the financial statement presentation currency, the abbreviation for the currency entered in item S1A7 will appear in column F with respect to the item. For example, if “Euro (EUR)” is selected in item S1A7 with respect to the group, the abbreviation “EUR” will appear in column F with respect to an item which is required to be determined in Euros.
- U.S. dollars, the abbreviation “USD” will appear in column F with respect to the item.

### 2.3.5 Reporting of positive and negative values

An expense amount included in the determination of a tax credit benefit amount should be reported as:

- a positive value in the TCB Return Schedules, to the extent that the amount represents an expense incurred by the QBGE in accordance with section 5 (i.e. amount recognised as a debit in the income statement of the group’s financial statements); or
- a negative value in the TCB Return Schedules, to the extent that the amount represents a recovery, offset, or adjustment of an expense incurred by the QBGE in accordance with section 5 (i.e. amount recognised as a credit in the income statement of the group’s financial statements).

### 2.3.6 Rounding

Unless otherwise indicated, all numerical values entered in the **Detailed TCB Return Schedules** should be rounded to two decimal places.

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## Chapter 3: Tax credit elections

The **Detailed TCB Return Schedules** include all elections which may be made pursuant to the Tax Credits legislation.

For consistency, the election references in the **Detailed TCB Return Schedules** are the same as the election references in the Simplified TCB Return Schedules and the Standard TCB Return Schedules.

### 3.1 Overview of election procedures in the Detailed TCB Return Schedules

The Filing QBGE is required to make all elections on behalf of the QBGE members of the Qualifying Bermuda Group.

An election shall only be regarded as valid to the extent that the relevant election requirements in the Tax Credits legislation (and any related guidance) have been met.

#### 3.1.1 How to make an election

An election is made in the **Detailed TCB Return Schedules** by selecting “Elected” from the drop-down menu for the election item.

- **Group-level elections:** Elections relevant to the overall Qualifying Bermuda Group are included in column G of Schedule 1, Section F. For example, the Filing QBGE would select “Elected” in item E4, column G to elect to utilise a Bermuda employment and training factor of 100% for the tax credit determination period.
- **QBGE-level elections:** Elections which are relevant to a specific QBGE are made by selecting the appropriate option from the election item drop-down menu in the column corresponding to the QBGE in Schedule 1, Section F (see article 2.3.3).

An election shall only be regarded as valid to the extent that the appropriate selection has been made in the relevant election item. The inclusion of a numerical value in the data entry field corresponding to an election will not, by itself, be regarded as the making of a valid election. For example, to the extent that:

- the Filing QBGE enters square footage information in item S5D19 with respect to a QBGE (see section 19(3)(c)(ii)); and
- does not select “Elected” in item E7 for the QBGE,

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an error message may appear (and the entry may be rejected) and/or the Agency may regard the election as invalid and disregard the amount entered in item S5D19.

### 3.1.2 When to complete an election item

The Filing QBGE should select a non-blank value (i.e. “Elected”) from the drop-down menu for an election item to the extent that the Filing QBGE is making the election for the tax credit determination period.

The Filing QBGE should leave a blank value for an election item to the extent that the Filing QBGE is not making the election for the tax credit determination period.

### 3.2 Other election requirements

To the extent that the Filing QBGE is making the election to disregard certain:

- eligible payroll expenses of a QBGE (see section 8(3));
- eligible employees for the purposes of determining the headcount factor (see section 16(6));
- expenses of a QBGE for the purposes of determining eligible Bermuda expenses (see section 19(2)(c)); or
- charitable expenses of a QBGE (see section 28(2)(c)(iv)),

the Filing QBGE should prepare an election statement which describes how the election is being applied for the tax credit determination period. See article 4.1.5 for further information regarding the election statement requirements for the various elections.

The Filing QBGE should make the appropriate elections in Schedule 1, Section F and should upload the election statement(s) to the TCB Online Return prior to submission.

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### Chapter 4: Detailed instructions for Schedules 1 to 10

#### 4.1 Schedule 1: Group Information

Schedule 1 includes general information regarding the Bermuda Group and each of its Bermuda Entity members.

##### 4.1.1 Structure of this schedule

Schedule 1 consists of the following Sections:

|                  |                                                                                                                                                                       |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Section A</b> | includes information regarding the group which includes the Bermuda Group.                                                                                            |
| <b>Section B</b> | includes information regarding the Bermuda Group.                                                                                                                     |
| <b>Section C</b> | includes information regarding each Bermuda Entity member of the Bermuda Group.                                                                                       |
| <b>Section D</b> | includes information related to the eligible employees of QBGEs for the tax credit determination period.                                                              |
| <b>Section E</b> | includes information related to long-term compensation awards with exercise dates (as defined in section 2(1)) which fall within the tax credit determination period. |
| <b>Section F</b> | includes information related to elections for the tax credit determination period.                                                                                    |

Further information regarding each Section is summarised in articles 4.1.2 to 4.1.7 below.

##### 4.1.2 Section A: Group information

Following are further instructions related to the completion of Section A:

**Item S1A1:** Enter the full legal name of the ultimate parent entity of the group, with no abbreviations.

**Item S1A2:** To the extent that the ultimate parent entity is a QBGE, enter the nine digits of its Bermuda TIN without dashes. *This item is required to the extent that the ultimate parent entity is a QBGE (if not, item S1A2 should be left blank).*

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**Item S1A3:** To the extent that the ultimate parent entity is not a QBGE and has a DUNS number, enter the nine digits of the DUNS number without dashes. *This item is required to the extent that the ultimate parent entity is not a QBGE and has a DUNS number (if not, item S1A3 should be left blank).*

**Items S1A4 and S1A5:** The first and last day of the fiscal year of the group (see article 1.3.3) should be entered in MM-DD-YY format.

**Item S1A6:** Select the financial accounting standard used in preparing:

- the consolidated financial statements of the ultimate parent entity (i.e. to the extent that the Qualifying Bermuda Group is part of a group); or
- the Bermuda Entity (i.e. to the extent that the Qualifying Bermuda Group is comprised of a single Bermuda Entity which is not part of a group).

**Item S1A7:** Select the financial statement presentation currency for the fiscal year (see article 2.3.4). A selection of "Other (FC)" should only be made to the extent that the relevant currency does not appear amongst the remaining options in the drop-down menu.

**Item S1A8:** To the extent that "Other (FC)" has been selected in item S1A7, enter a description of the relevant currency. Otherwise, item S1A8 should be left blank.

**Item S1A9:** Enter the average foreign exchange rate used to convert the currency selected in item S1A7 into U.S. dollars.

The average foreign exchange rate should be determined for the tax credit determination period (i.e. the fiscal year referenced in items S1A4 and S1A5 to the extent that section 33 does not apply, or the period referenced in items S1B6 and S1B7 to the extent that section 33 does apply).

The average foreign exchange rate should be rounded to four decimal places and should be determined based on the "multiply by" convention (i.e. the rate which, when multiplied by an amount denominated in the currency selected in item S1A7, would result in the equivalent amount in U.S. dollars). *This is a required data field to the extent that a currency other than "U.S. Dollar (USD)" or "Bermuda Dollar (BMD)" is selected in item S1A7 (otherwise, enter 1.0000 or leave item S1A9 blank).*

### 4.1.3 Section B: Bermuda Group information

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Following are further instructions related to the completion of Section B:

**Item S1B1:** Select whether the TCB Return Schedules being filed are the original version or an amendment to a previously filed original version. See article 1.4 for further guidance related to amended TCB Return filing procedures.

**Item S1B2:** If it is anticipated, at the time of filing the TCB Return for a tax credit determination period, that the Qualifying Bermuda Group will not be required to file a TCB Return for the immediately succeeding tax credit determination period, the Filing QBGE should select “Final” in item S1B2.

**Item S1B3:** Select “Supplemental” to the extent that supplemental disclosures are being provided in accordance with section 38(2)(b) with respect to the TCB Return.

Supplemental disclosures must be uploaded to the TCB Online Return prior to submission and should be sufficiently detailed to enable the Agency to assess the nature, scope, and effect of the disclosed matter.

**Item S1B4:** Enter the first six digits (without dashes) of the TCB group TIN. The last three characters will auto-populate with “TCB”.

**Items S1B5 to S1B7:** Pursuant to section 33, to the extent that a QBGE is only a member of a Qualifying Bermuda Group for a portion of the fiscal year (other than as described in section 33(2)), the tax credit determination period shall be limited to such portion of the fiscal year (see article 1.3.3).

To the extent that section 33 applies to the Qualifying Bermuda Group, select “Section 33” in item S1B5 and indicate the first and last day of the tax credit determination period in items S1B6 and S1B7.

**Item S1B8:** A Bermuda Group shall be treated as a Qualifying Bermuda Group for the purposes of the Substance-Based Tax Credit to the extent that it meets the requirements summarised in section 6(2) to (5), including the requirement that the Bermuda Group derived more than 50% of its aggregate gross revenues for the tax credit determination period from certain registered insurers and investment holding entities.

To the extent that the Bermuda Group:

- meets the requirements summarised in section 6(2) to (5), select “More than 50%” in item S1B8; or

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- does not meet the requirements summarised in section 6(2) to (5), select “50% or less” in item S1B8.

**Item S1B9:** This item populates automatically based on the information provided in items S1B8 and S1C5. To the extent that “More than 50%” is selected for the Bermuda Group in item S1B8 and “BMA registered insurer” is selected for one of more Bermuda Entities in item S1C5, item S1B9 will indicate “Yes” (i.e. Bermuda Group meets the requirements to be treated as a Qualifying Bermuda Group based on the information entered in the **Detailed TCB Return Schedules**).

The job-based benefit factor (see Schedule 4, Section C) and the expense-based benefit factor (see Schedule 5, Section I) for the Substance-Based Tax Credit will not be computed in the **Detailed TCB Return Schedules** unless “Yes” is indicated in item S1B9.

Notwithstanding the indication in item S1B9, final determination of eligibility for tax credits remains with the Agency pursuant to regulation 9 of the Tax Credit Regulations.

### 4.1.4 Section C: Information regarding Bermuda Entity members of the Bermuda Group

Following are further instructions related to the completion of Section C:

**Item S1C1:** Enter the full name of each QBGE member of the Qualifying Bermuda Group. The name entered in item S1C1 should align with the name of the QBGE in its CITA Online profile. *As discussed in article 2.3.3, the name of the QBGE entered in item S1C1 will appear at the top of each Section in Schedules 1 to 6 in the relevant data entry column for such QBGE.*

**Item S1C2:** Enter the nine digits (without dashes) of each QBGE’s Bermuda TIN.

**Item S1C4:** To the extent that a QBGE is claiming a tax credit benefit for the tax credit determination period, it is required to select one of the following options from the drop-down menu in item S1C4:

- “Qualifying Bermuda Group BCE”, to the extent that the QBGE is a BCE for CIT purposes;  
or
- “Qualifying Bermuda Group NBCE”, to the extent that the QBGE is not a BCE for CIT purposes.

The information in item S1C4 is used to determine the amounts reported in Table 4 and items 9 and 10 in the TCB Return Schedules Summary.

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**Item S1C5:** Indicate whether the Bermuda Entity is registered as an insurer by the Bermuda Monetary Authority under the Insurance Act 1978, as described in section 6(2)(a). To the extent that none of the Bermuda Entity members of the Bermuda Group are registered, the Bermuda Group will not be treated as a Qualifying Bermuda Group for the purposes of the Substance-Based Tax Credit (see item S1B9).

**Item S1C6:** Select “Section 22(3)(a) applies” in item S1C6 to the extent that the QBGE has an opening tax credit carryforward and section 22(3)(a) applies to the QBGE for the tax credit determination period.

Section 22(3) includes provisions which determine whether the QBGE’s opening tax credit carryforward amount shall be allocated in accordance with:

- section 22(4), which provides that the allocation of the opening tax credit carryforward amount shall be determined by advancing (in each case by one benefit period) the benefit period allocations determined at the end of the immediately preceding tax credit determination period (see Schedule 6, Section A, Part 3); or
- section 22(5), which provides that the allocation of the opening tax credit carryforward amount shall be determined by reference to the benefit period allocations determined at the end of the immediately preceding tax credit determination period without advancing the benefit period allocations (see Schedule 6, Section A, Part 2).

To the extent that section 22(3)(a) applies to a QBGE, the benefit period allocations shall be determined in accordance with section 22(5). Section 22(3)(a) applies to a QBGE for a tax credit determination period to the extent that:

- section 33 applies to the tax credit determination period (i.e. the tax credit determination period is a portion of the fiscal year of a Qualifying Bermuda Group);
- the tax credit determination period begins on the date of the change in group membership which results in the application of section 33 (referred to as the “successor portion” in section 22(3)(a)(i)); and
- the tax credit determination period which immediately precedes the successor portion (referred to as the “predecessor portion” in section 22(3)(a)(ii)) ends prior to the end of the fiscal year of the Qualifying Bermuda Group which included the QBGE during the predecessor portion.

For example, if it is assumed that:

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- QBGE 1 was originally a member of QBG A, a Qualifying Bermuda Group with a fiscal year ended December 31.
- QBGE 1 was acquired by QBG B, a Qualifying Bermuda Group with a fiscal year ended June 30, on April 30, 2026.
- As a result of the acquisition, section 33 applies and QBGE 1 is included in:
  - the TCB Return of QBG A for the tax credit determination period from January 1 to April 30, 2026 (i.e. predecessor portion); and
  - the TCB Return of QBG B for the tax credit determination period from May 1 to June 30, 2026 (i.e. successor portion).
- Section 22(3)(a) applies to QBGE #1 with respect to the successor portion, given that the predecessor portion ended prior to December 31, 2026 (i.e. the fiscal year of QBG A).

**Item S1C7:** The employer account number assigned to the QBGE for Bermuda payroll tax purposes is required to be reported in item S1C7 to the extent that the payroll tax charge of the QBGE is included in the determination of the Bermuda tax charge for the tax credit determination period. No payroll tax charges may be entered for the QBGE in Schedule 2, Section B, Part 4 unless the employer account number has been reported in item S1C7.

### 4.1.5 Section D: Information regarding eligible employees of QBGEs

Section D includes information related to the eligible employees of QBGEs for the tax credit determination period.

Following are further instructions related to the completion of Section D:

**Item S1D1:** The Filing QBGE should enter a unique employee identifier for each eligible employee in item S1D1. The employee identifier can take any form (e.g. numeric, alphabetic etc.), provided that the same identifier is not entered more than once in item S1D1 for the tax credit determination period.

Information relevant to a specific employee identifier is included in the same column in item S1D1 and Schedules 7 and 8 (unless “Section 13 applies” is selected in item S1D3 with respect to the eligible employee, as discussed below). For example, to the extent that an identifier is entered in item S1D1, column L:

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- the employee identifier will appear in column L at the top of each Section in Schedules 7 and 8;
- any data relevant to the employee identifier should only be entered in column L in Schedules 7 and 8; and
- any data relevant to other employee identifiers should not be entered in column L.

To the extent that “Section 13 applies” is selected in item S1D3 for the eligible employee:

- the employee identifier will be blank at the top of each Section in Schedules 7 and 8;
- no data relevant to the employee identifier should be entered in Schedules 7 and 8;
- the employee identifier will be reported at the top of each Section in Schedules 9 and 10.
- Schedules 9 and 10 will only be populated with identifiers attributable to eligible employees who are subject to section 13 (see item S1D3). As such, the column in which the specific employee identifier appears in Schedules 9 and 10 may not correspond to the column in which the identifier was entered in item S1D1.

To the extent that an eligible employee is employed by more than one QBGE during the tax credit determination period, a separate identifier should be assigned to the eligible employee with respect to each QBGE employer. For example, if it is assumed that:

- QBGE 1 and QBGE 2 are members of QBG A, which has a fiscal year from January 1 to December 31, 2025;
- eligible employee AA is employed by QBGE 1 from January 1 to June 30, 2025, and by QBGE 2 from July 1 to December 31, 2025; and
- sections 13 and 33 do not apply for the tax credit determination period,

separate identifiers should be reported in item S1D1 with respect to eligible employee AA for each of the periods ended June 30 and December 31. Assuming that the separate identifiers related to the periods ended June 30 and December 31 are entered in columns L and Q, respectively, of item S1D1:

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- information (e.g. payroll expenses, Bermuda workdays and allocation percentages, full-time equivalent factor etc.) related to the period ended June 30 should be entered in column L of Schedules 7 and 8;
- information related to the period ended December 31 should be entered in column Q of Schedules 7 and 8; and
- the Filing QBGE should ensure that no information is taken into account more than once with respect to eligible employee AA for the tax credit determination period. For example:
  - the aggregate of the payroll expenses reported in columns L and Q should not exceed the total payroll expenses incurred by the Qualifying Bermuda Group with respect to eligible employee AA for the tax credit determination period;
  - the aggregate of the full-time equivalent factors reported in columns L and Q should not exceed the full-time equivalent factor which would be determined with respect to eligible employee AA for the overall tax credit determination period.

At present, Section D can accommodate data entry for up to 400 eligible employees. To the extent that a Qualifying Bermuda Group incurred eligible payroll expenses with respect to more than 400 eligible employees during the tax credit determination period, please contact the Agency via CITA Online.

**Item S1D2:** Indicate whether the eligible employee was:

- exempt from the requirement to hold a work permit at any time during the tax credit determination period (as described in section 17(1)(a)(i)) by selecting “Work permit exempt”; or
- not exempt from the requirement to hold a work permit for the tax credit determination period by selecting “Work permit required”.

The Bermuda employment and training factor (see item S4C14) will not automatically compute unless item S1D2 has been completed with respect to all eligible employees for the tax credit determination period.

**Item S1D3:** To the extent that section 13 applies to the eligible employee for the tax credit determination period, select “Section 13 applies” in item S1D3.

Section 13 only applies to the extent that the eligible employee is employed by:

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- one or more QBGE members; and
- one or more non-QBGE members

of the same group during the tax credit determination period.

**Item S1D4:** From the drop-down menu in item S1D4, select the QBGE employer of the eligible employee. The drop-down menu is populated from the Bermuda Entities listed in item S1C1.

Item S1D4 is not required to be completed to the extent that “Section 13 applies” is selected in item S1D3 for the eligible employee.

### 4.1.6 Section E: Information regarding long-term compensation awards

Section E includes information related to long-term compensation awards with exercise dates (as defined in section 2(1)) which fall within the tax credit determination period. The information in Section E is used to support the determination of eligible payroll expenses incurred with respect to long-term compensation awards (see Schedules 8 and 10).

Following are further instructions related to the completion of Section E:

**Item S1E1:** Provide a brief description of each long-term compensation award:

- which had an exercise date (as defined in section 2(1)) which falls within the tax credit determination period; and
- for which expenses (as determined pursuant to section 5(2)(d)) were incurred with respect to eligible employees for the tax credit determination period.

To the extent that a specific grant of a long-term compensation award includes multiple tranches with different workday allocation periods (as defined in section 11(2)), tranches corresponding with different workday allocation periods should be reported separately in item S1E1. For example, if it is assumed that:

- QBGE 1 offers a restricted stock plan to its employees, the terms of which provide that one-third of each restricted stock grant will vest on the first, second, and third anniversary of a February 15 grant date; and

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- the exercise date of February 15, 2025 for award tranches granted on February 15, 2022 (i.e. third anniversary of the grant date), February 15, 2023 (i.e. second anniversary of the grant date), and February 15, 2024 (i.e. first anniversary of the grant date) falls within the tax credit determination period,

each of the three award tranches corresponding to a specific workday allocation period should be entered separately in item S1E1 (for example, with descriptions of “RS (2022 grant, 2025 vest)”, “RS (2023 grant, 2025 vest)” and “RS (2024 grant, 2025 vest)”).

At present, Section E can accommodate data entry for up to 15 tranches of long-term compensation awards. To the extent that a Qualifying Bermuda Group incurred payroll expenses with respect to more than 15 tranches of long-term compensation awards during the tax credit determination period, please contact the Agency via CITA Online.

### 4.1.7 Section F: Elections relevant to the determination of tax credit benefits

Following are further instructions related to the completion of Section F:

**Item E1:** Select “Elected” from the drop-down menu if the election has been made to disregard, in whole or in part, eligible payroll expenses of the QBGE for the tax credit determination period. To the extent that this election has been made:

- the payroll expenses in Schedules 7 through 10 should be reported net of any adjustments resulting from the application of the election; and
- the Filing QBGE must file an election statement (see article 3.2) which describes how the election is being applied for the tax credit determination period.

The election statement should include a reasonable description of the eligible payroll expenses which are being disregarded. For example, to the extent that the actual amount of disregarded expenses:

- has been determined for a QBGE, the Filing QBGE may include details of the actual amount in the election statement; or
- has not been determined for a QBGE, the Filing QBGE may include a general description of the eligible payroll expenses which are being disregarded (e.g. eligible payroll expenses have been disregarded with respect to a specific subset of eligible employees or a specific category of long-term compensation awards).

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**Item E2:** Select “Elected” from the drop-down menu if the election has been made to adjust the payroll expenses of the QBGE with respect to capitalised expenditures. The adjustment resulting from the application of the election should be:

- reported in item S7A13 to the extent that the eligible payroll expense is described in section 8(1)(a)(i) or (ii);
- reported in item S9A11 to the extent that the eligible payroll expense is described in section 8(1)(a)(iii) or (iv);
- included in the determination of payroll expenses reported in Schedule 8, Section B to the extent that the eligible payroll expense is described in section 8(1)(a)(v) or (vi); or
- included in the determination of payroll expenses reported in Schedule 10, Section B to the extent that the eligible payroll expense is described in section 8(1)(a)(vii) or (viii).

To the extent that the election results in an adjustment to the carrying value of an asset or liability (see section 9(3)) which has the further effect of adjusting an expense (e.g. depreciation expense) included in the determination of eligible Bermuda expenses, the eligible Bermuda expenses reported in Schedule 5 should reflect any such adjustment.

**Item E3:** Select “Elected” from the drop-down menu if the election has been made to disregard one or more eligible employees for the purposes of determining the headcount factor of the Qualifying Bermuda Group for the tax credit determination period. To the extent that this election has been made:

- information related to full-time eligible employees of the Qualifying Bermuda Group should be reported in Schedule 7, Section C and Schedule 9, Section D net of any reduction resulting from the application of the election; and
- the Filing QBGE must file an election statement (see article 3.2) which describes how the election is being applied for the tax credit determination period.

The election statement should include a reasonable description of how the election is being applied within the Qualifying Bermuda Group. For example, the Filing QBGE may identify the specific QBGEs and disclose the overall number of eligible employees (i.e. as opposed to the specific computation of full-time eligible employees determined pursuant to section 16(3)) to which the election applies. It is not necessary to identify specific eligible employees by name, nor is it necessary to disclose the precise number of full-time eligible employees (as determined pursuant to section 16(3)) disregarded pursuant to the application of the election.

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As indicated in section 18(1)(b)(i), the item E3 election shall not be included in the determination of the aggregate number of full-time eligible employees for the immediately preceding tax credit determination period for the purposes of determining the growth factor (see item S4C15).

**Item E4:** Select “Elected” from the drop-down menu if the election has been made to utilise a Bermuda employment and training factor of 100% for the tax credit determination period. To the extent that this election has been made for the Qualifying Bermuda Group:

- Sections D and E of Schedule 7, Sections E and F of Schedule 9, and items S4C8 to S4C12 will be blank; and
- the Bermuda employment and training factor in item S4C14 will be 100%.

**Item E5:** Select “Elected” from the drop-down menu if the election has been made to utilise a training percentage of 0% for the tax credit determination period. To the extent that this election has been made for the Qualifying Bermuda Group:

- items S7E1 to S7E10 and items S9F1 to S9F5 will be blank; and
- the training percentage in item S7E11 will be 0%.

**Item E6:** Select “Elected” from the drop-down menu if the election has been made to disregard, in whole or in part, expenses of the QBGE for the purposes of determining eligible Bermuda expenses for the tax credit determination period. To the extent that this election has been made:

- eligible expenses in Schedule 5 should be reported net of any adjustments resulting from the application of the election; and
- the Filing QBGE must file an election statement (see article 3.2) which describes how the election is being applied for the tax credit determination period.

The election statement should include a reasonable description of the expenses which are being disregarded. For example, to the extent that the actual amount of disregarded expenses:

- has been determined for a QBGE, the Filing QBGE may include details of the actual amount in the election statement; or

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- has not been determined for a QBGE, the Filing QBGE may include a general description of the expenses which are being disregarded (e.g. specific category of service expenses).

**Item E7:** Select “Elected” from the drop-down menu if the election has been made to disregard actual business premises expenses incurred by the QBGE, and to determine business premises expenses based on square footage of the business premises. To the extent that this election has been made for the Qualifying Bermuda Group:

- no business premises expenses should be entered in Schedule 5, Section D, Part 1; and
- information regarding the business premises (including square footage) should be entered in Schedule 5, Section D, Parts 2 through 5.

**Item E8:** Select “Elected” from the drop-down menu if the election has been made to adjust eligible service expenses of the QBGE with respect to capitalised expenditures. Any adjustments to eligible service expenses resulting from the application of the election should be reported in item S5F7.

To the extent that the election results in an adjustment to the carrying value of an asset or liability (see section 19(5)(b)(iv)) which has the further effect of adjusting an expense (e.g. depreciation expense) included in the determination of eligible Bermuda expenses, the eligible Bermuda expenses reported in Schedule 5 should reflect any such adjustment.

**Item E9:** Select “Elected” from the drop-down menu to the extent that the election is being made to disregard, in whole or in part, the charitable expenses of the QBGE pursuant to section 28(2)(c)(iv). To the extent that this election has been made:

- the eligible charitable expenses in Schedule 3 should be reported net of any adjustments resulting from the application of the election; and
- the Filing QBGE must file an election statement (see article 3.2) which describes how the election is being applied for the tax credit determination period.

The election statement should include a reasonable description of the charitable expenses which are being disregarded. For example, the Filing QBGE may identify specific charities, specific categories of charitable expenses (e.g. contributions which do not exceed a certain value threshold), or specific contribution amounts which have been disregarded.

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### 4.2 Schedule 2: Tax Credit Summary

Schedule 2 summarises the accrued and distributable tax credit benefits of each QBGE for the tax credit determination period.

#### 4.2.1 Structure of this schedule

Schedule 2 consists of the following Sections:

|                  |                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Section A</b> | summarises the accrued tax credit benefits of each QBGE for the tax credit determination period, including the job-based benefit component (from Schedule 4) and the expense-based benefit component (from Schedule 5) of the Substance-Based Tax Credit benefit, the Community Development Tax Credit benefit (from Schedule 3), and the Utilities Infrastructure Tax Credit benefit. |
| <b>Section B</b> | supports the determination of the distributable tax credit benefits of each QBGE for the tax credit determination period.                                                                                                                                                                                                                                                              |

Further information regarding each Section is summarised in articles 4.2.2 and 4.2.3 below.

#### 4.2.2 Section A: Accrued tax credit benefits

With the exception of item S2A7, Section A populates automatically based on the information provided in Schedules 3 to 5.

**Item S2A3:** To the extent that a QBGE:

- has been allocated an accrued Substance-Based Tax Credit benefit in item S2A3; and
- is a Qualifying Bermuda Group BCE (see item S1C4),

the tax credit benefit from item S2A3 should be reported in item S3B2 of the Standard CIT Return Schedules (Form S-101) filed by the BCE Group (of which the Qualifying Bermuda Group BCE is a member) for the fiscal year which includes the tax credit determination period.

**Item S2A7:** The Filing QBGE should indicate the amount of the Utilities Infrastructure Tax Credit benefit allocated to the QBGE, as determined in accordance with section 29.

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### 4.2.3 Section B: Distributable tax credit benefits

With the exception of Parts 3 and 4, Section B populates automatically based on the information provided in Schedules 3 to 6.

**Item S2B5:** To the extent that a QBGE:

- has been allocated a distributable Substance-Based Tax Credit benefit in item S2B5; and
- is a Qualifying Bermuda Group BCE (see item S1C4),

the tax credit benefit from item S2B5 should be reported in item S6C1 of the Standard CIT Return Schedules (Form S-101) filed by the BCE Group (of which the Qualifying Bermuda Group BCE is a member) for the fiscal year which includes the tax credit determination period.

**Item S2B6:** To the extent that a QBGE:

- has been allocated a Community Development Tax Credit benefit in item S2B6; and
- is a Qualifying Bermuda Group BCE (see item S1C4),

the tax credit benefit from item S2B6 should be reported in item S6C2 of the Standard CIT Return Schedules (Form S-101) filed by the BCE Group (of which the Qualifying Bermuda Group BCE is a member) for the fiscal year which includes the tax credit determination period.

**Item S2B7:** To the extent that a QBGE:

- has been allocated a Utilities Infrastructure Tax Credit benefit in item S2B7; and
- is a Qualifying Bermuda Group BCE (see item S1C4),

the tax credit benefit from item S2B7 should be reported in item S6C3 of the Standard CIT Return Schedules (Form S-101) filed by the BCE Group (of which the Qualifying Bermuda Group BCE is a member) for the fiscal year which includes the tax credit determination period.

*Part 2: Distributable tax credit benefit limitation*

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Part 2 includes information relevant to the determination of the distributable tax credit benefit limitation and populates automatically based on information reported in Parts 3 and 4 and Schedule 6.

**Item S2B12:** The distributable benefit factor shall be determined automatically based on the date entered in item S1A4 or, if section 33 applies, item S1B6.

### *Part 3: CIT charge of the Qualifying Bermuda Group*

Part 3 includes information relevant to the CIT charge, as defined in section 2(1), which is in turn included in the determination of the Aggregate Bermuda Tax Charge in Part 2.

Except as noted below, information should be provided in Part 3 with respect to each BCE Group which includes (as a BCE member) at least one QBGE from the Qualifying Bermuda Group during the tax credit determination period.

To the extent that:

- section 33 applies to the tax credit determination period (i.e. the tax credit determination period is a portion of the fiscal year of a Qualifying Bermuda Group); and
- the last day of such portion of the fiscal year (see item S1B7) is prior to the last day of the fiscal year (see item S1A5),

section 24(7) shall apply and the CIT charge shall be regarded as nil for the tax credit determination period. In this case, no information should be entered in Part 3 and no CIT charge will be included in the determination of the Aggregate Bermuda Tax Charge in Part 2.

At present, Part 3 can accommodate data entry for up to 10 BCE Groups. To the extent that there are more than 10 BCE Groups which include (as a BCE member) at least one QBGE from the Qualifying Bermuda Group, please contact the Agency via CITA Online.

**Item S2B16:** From the drop-down menu in item S2B16, select the Filing BCE for each BCE Group which includes (as a BCE member) at least one QBGE from the Qualifying Bermuda Group during the tax credit determination period. The drop-down menu is populated from the Bermuda Entities listed in item S1C1.

**Item S2B17:** Indicate the CIT group TIN (see item S1B4 of the Standard CIT Return Schedules) assigned to each BCE Group.

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**Item S2B18:** Indicate the CIT charge for each BCE Group (see item S2F4 of the Standard CIT Return Schedules) for the fiscal year which includes the tax credit determination period. The CIT charge must be a positive value. No entry will be permitted in item S2B18 if any of items S1A4, S1A5, S1B6, S1B7, S2B16 or S2B17 are blank or if section 24(7) applies to the period (see above).

### *Part 4: Bermuda payroll tax charge of the Qualifying Bermuda Group*

Part 4 includes information relevant to the payroll tax charge incurred by the QBGE, as determined in accordance with section 24(5)(b), which is in turn included in the determination of the Aggregate Bermuda Tax Charge in Part 2.

To the extent that the QBGE is subject to the Bermuda payroll tax provisions, it will generally be required to file a return with the Office of the Tax Commissioner for each quarterly payroll tax period (i.e. April 1 to June 30, July 1 to September 30, October 1 to December 31, January 1 to March 31).

Part 4 is comprised of separate item groupings for each quarterly payroll tax period which falls, wholly or partly, within the tax credit determination period (e.g. items S2B19 through S2B26 relate to the first payroll tax period which falls within the tax credit determination period).

The quarterly payroll tax periods which fall within the tax credit determination period (e.g. see item S2B19) shall be determined automatically based on the dates entered in items S1A4 and S1A5 or, if section 33 applies, items S1B6 and S1B7. For each such payroll tax period:

- the number of days in the payroll tax period which fall within the tax credit determination period (e.g. see item S2B20) shall be determined automatically for the purposes of applying the ratable adjustment provisions in section 24(5)(b)(ii)(B);
- the total payroll tax charge of the QBGE reported on the payroll tax return for the quarterly payroll tax period should be reported (e.g. see item S2B23); and
- given that the total payroll tax charge reported on the return will be denominated in U.S. or Bermuda dollars, such amount shall be converted (e.g. see items S2B25 and S2B26) into the currency reported in item S1A7 based on the foreign exchange rate reported in item S1A9, for the purposes of including such amount in the determination of the Aggregate Bermuda Tax Charge.

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At present, Part 4 can accommodate data entry for up to 6 quarterly payroll tax periods. To the extent that more than 6 quarterly payroll tax periods fall within the tax credit determination period, please contact the Agency via CITA Online.

### 4.3 Schedule 3: Community Development Tax Credit

Schedule 3 includes information relevant to the determination of the Community Development Tax Credit benefit.

#### 4.3.1 Structure of this schedule

Schedule 3 consists of the following Sections:

|                  |                                                                                                                                                                                                              |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Section A</b> | automatically computes the Community Development Tax Credit benefit for the tax credit determination period based on the information provided in Sections B and C.                                           |
| <b>Section B</b> | includes information relevant to the determination of whether the Bermuda Group meets the requirements to be treated as a Qualifying Bermuda Group for the purposes of the Community Development Tax Credit. |
| <b>Section C</b> | includes detailed information regarding eligible charitable expenses for the tax credit determination period.                                                                                                |

Further information regarding each Section is summarised in articles 4.3.2 through 4.3.4 below.

#### 4.3.2 Section A: Community development tax credit benefit

The Community Development Tax Credit benefit amount of each QBGE will be computed automatically in Section A based on the eligible charitable expense information indicated in item S3A1.

Eligible charitable expenses will only be included in item S3A1 if the Bermuda Group has met the requirements to be treated as a Qualifying Bermuda Group (as indicated in item S3B8), based on the information provided in the **Detailed TCB Return Schedules**.

**Item S3A3:** To the extent that a QBGE:

- has been allocated a Community Development Tax Credit benefit in item S3A3; and

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- is a Qualifying Bermuda Group BCE (see item S1C4),

the tax credit benefit from item S3A3 should be reported in item S3B3 of the Standard CIT Return Schedules (Form S-101) filed by the BCE Group (of which the Qualifying Bermuda Group BCE is a member) for the fiscal year which includes the tax credit determination period.

### 4.3.3 Section B: Qualifying Bermuda Group determination

A Bermuda Group is treated as a Qualifying Bermuda Group to the extent that the aggregate eligible charitable expenses incurred by the Bermuda Group for the fiscal year, the first preceding fiscal year, and the second preceding fiscal year equals or exceeds \$300,000 (see section 28(2)(a)). Eligible charitable expenses incurred by Bermuda Entity members of the Bermuda Group prior to the tax credit determination period are reported in Section B for the purposes of determining whether the Bermuda Group meets these requirements.

Following are further instructions related to the completion of Section B:

**Item S3B2:** Pursuant to section 33(3)(d), the \$300,000 eligible charitable expense threshold is applied on the basis of the full fiscal year period for the Bermuda Group (i.e. as opposed to any shorter tax credit determination periods which would otherwise be required pursuant to section 33). As such (and to the extent that section 33 applies to the tax credit determination period), the eligible charitable expenses incurred during any other portions of the current fiscal year should be reported in item S3B2 to ensure that such amounts are considered in applying the eligible charitable expense threshold.

Referring to the example from article 1.3.3, to the extent that the **Detailed TCB Return Schedules** are being filed with respect to the second tax credit determination period ended December 31, 2026:

- eligible charitable expense incurred during the period from June 1 through December 31, 2026 would be reported in Section C (and would be further reported on an aggregated basis in item S3B1); and
- eligible charitable expense incurred during the period from January 1 through May 31, 2026 would be reported in item S3B2.

**Items S3B3 and S3B4:** Eligible charitable expenses reported for the first and second preceding fiscal year:

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- must meet the criteria summarised under the heading “Eligible charitable expense requirements” in article 4.3.4; and
- should include eligible charitable expenses incurred for all tax credit determination periods which fall within the relevant preceding fiscal year (as discussed with respect to item S3B2).

**Items S3B6 and S3B7:** To the extent that the eligible charitable expenses are denominated in a currency other than the U.S. dollar or the Bermuda dollar (see article 2.3.4), the expenses must be converted into U.S. dollars for the purposes of applying the \$300,000 eligible charitable expense threshold. The conversion into U.S. dollars is computed in item S3B7 based on the foreign exchange rate provided in item S1A9.

**Item S3B8:** To the extent that the \$300,000 eligible charitable expense threshold (see section 28(2)(a)):

- has been met, item S3B8 will indicate “Qualifying” and the eligible charitable expenses from item S3B1 will be reported in item S3A1; or
- has not been met, item S3B8 will indicate “Non-Qualifying” and the eligible charitable expenses from item S3B1 will not be reported in item S3A1.

Notwithstanding the indication in item S3B8, final determination of eligibility for tax credits remains with the Agency pursuant to regulation 9 of the Tax Credit Regulations.

### 4.3.4 Section C: Eligible charitable expenses

Eligible charitable expenses incurred by a QBGE for the tax credit determination period should be reported in Section C. Section C is comprised of separate item groupings for each registered charity (e.g. items S3C1 through S3C3 relate to a specific registered charity).

The following information is required to be reported:

- The name of the eligible Bermuda charity with respect to which the eligible charitable expenses were incurred (e.g. see items S3C1, S3C4, etc.).
- The Government of Bermuda publishes a list of registered charities which is updated monthly and can be found in the “Resources” section at the bottom of the charity registration [webpage](#). The name of the charity reported in Section C should agree with the name reported in the Government of Bermuda list.

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- The registration number of the eligible Bermuda charity (e.g. see items S3C2, S3C5, etc.), as reported in the Government of Bermuda list of registered charities.
- The total eligible charitable expenses (see below) incurred by the QBGE with respect to the eligible Bermuda charity for the tax credit determination period.

At present, Section C can accommodate data entry for up to 75 eligible Bermuda charities. To the extent that a Qualifying Bermuda Group incurred charitable expenses with respect to more than 75 eligible Bermuda charities during the tax credit determination period, please enter "Various" in item S3C223, "9999" in item S3C224, and the aggregate remaining charitable expenses (i.e. expenses incurred with respect to charitable contributions which cannot be accommodated in the remainder of Section C) in item S3C225.

### *Eligible charitable expense requirements*

Charitable expenses should only be reported in Section C to the extent that such expenses meet the requirements to be treated as eligible charitable expenses with respect to the tax credit determination period, as summarised below.

- The charitable expenses must have been incurred with respect to charitable contributions which have been (or will be) made in cash (see section 28(2)(c)(ii)).
- To the extent that the charitable expenses were incurred with respect to a charitable contribution which was not paid to the eligible Bermuda charity on or before the last day of the third month following the end of the tax credit determination period, such expenses:
  - should not be reported in Section C in the tax credit determination period in which the charitable contribution was recognised in the group financial statements; and
  - should be reported in Section C in the tax credit determination period in which the charitable contribution is paid to the eligible Bermuda charity (see section 28(2)(c)(i)).
- The charitable expenses must have been incurred with respect to charitable contributions to eligible Bermuda charities. Pursuant to section 28(3), an eligible Bermuda charity is defined as a charity which is registered under the Charities Act 2014.
- The determination of whether a charity is an eligible Bermuda charity should be made on:

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- the date on which the charitable contribution was paid, to the extent that section 28(2)(c)(i) applies (as summarised above); or
- the date on which all relevant criteria were met for the charitable expense to be accrued in the financial records of the QBGE, as determined in accordance with the financial accounting standard reported in item S1A6.
- Pursuant to the Tax Credits Regulations, the Qualifying Bermuda Group must receive written confirmation from the eligible Bermuda charity attesting that the charity intends to use at least 75% of the contribution for any combination of the following:
  - in connection with events or activities held in Bermuda;
  - to support its Bermuda-based operations; or
  - to support or benefit beneficiaries who are ordinarily resident in Bermuda.

To the extent that total contributions to the eligible Bermuda charity equal or exceed \$100,000 for the tax credit determination period, the written confirmation furnished by the eligible Bermuda charity must be in the form of a statutory declaration sworn by a director or trustee of the eligible Bermuda charity. In all other cases, the written confirmation does not need to be in the form of a statutory declaration.

### 4.4 Schedule 4: Job-Based Benefit Component

Schedule 4 includes information relevant to the determination of the job-based benefit component of the Substance-Based Tax Credit for the tax credit determination period.

#### 4.4.1 Structure of this schedule

Schedule 4 consists of the following Sections:

|                  |                                                                                                                                                           |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Section A</b> | automatically computes the job-based benefit component based on the information reported in Sections B and C.                                             |
| <b>Section B</b> | provides a summary of the eligible payroll expenses incurred by the QBGE members of the Qualifying Bermuda Group for the tax credit determination period. |

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**Section C** supports the determination of the job-based benefit factor of the Qualifying Bermuda Group for the tax credit determination period.

Further information regarding Sections B and C is summarised in articles 4.4.2 and 4.4.3 below.

### 4.4.2 Section B: Eligible payroll expenses

**Items S4B1 to S4B8:** The eligible payroll expenses in items S4B1 to S4B8 are computed automatically by aggregating the eligible payroll expenses for specific eligible employees (see Schedules 7 through 10) at the QBGE-level based on the employer information in item S1D4.

**Items S4B9 and S4B10:** Any adjustments to eligible payroll expenses which are required to be made pursuant to sections 8(1)(b) and 13(7) should be reported:

- in item S4B9, to the extent that the adjustment relates to amounts included in the determination of eligible Bermuda services expenses with respect to eligible employees who are exempt from the requirement to hold a work permit; or
- in item S4B10, to the extent that the adjustment relates to amounts included in the determination of eligible Bermuda services expenses with respect to eligible employees who are not exempt from the requirement to hold a work permit.

### 4.4.3 Section C: Job-based benefit factor

Section C supports the determination of the following factors, each of which is included in the determination of the job-based benefit factor:

- the headcount factor (determined in Part 2);
- the Bermuda employment and training factor (determined in Part 3);
- the employment growth factor (determined in Part 4); and
- the transition factor (computed automatically based on rates established in section 21 and the dates entered in item S1A4 or, if section 33 applies, item S1B6).

Following are further instructions related to the completion of Section C:

*Part 1: Headcount factor*

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To the extent that the Bermuda Group incurred eligible payroll expenses but does not meet the requirements to be treated as a Qualifying Bermuda Group for the purposes of the substance-based tax credit (see item S1B9), item S4C7 will appear as blank and the headcount factor will not be computed for the tax credit determination period.

**Item S4C6:** The aggregate number of full-time eligible employees will compute automatically in item S4C6 based on the information reported in Schedule 7.

**Item S4C7:** Except as noted above, the relevant headcount factor from section 16(2) will compute automatically in item S4C7 based on the aggregate number of full-time eligible employees reported in item S4C6.

### *Part 2: Bermuda employment and training factor*

The determination of the Bermuda employment and training factor (see section 17) is summarised in Part 2. To the extent that the Bermuda Group:

- incurred eligible payroll expenses but does not meet the requirements to be treated as a Qualifying Bermuda Group for the purposes of the substance-based tax credit (see item S1B9), items S4C8 through S4C14 will appear as blanks and the Bermuda employment and training factor will not be computed for the tax credit determination period; or
- makes the election to utilise a Bermuda employment and training factor of 100% for the tax credit determination period (see item E4), items S4C8 through S4C12 will appear as blanks and a Bermuda employment and training factor of 100% will be reported in item S4C14.

**Item S4C14:** Except as noted above, the Bermuda employment and training factor will compute automatically in item S4C14 based on the information reported in Part 2 and Schedule 7.

### *Part 3: Employment growth factor*

To the extent that the Bermuda Group does not meet the requirements to be treated as a Qualifying Bermuda Group for the purposes of the substance-based tax credit (see item S1B9), item S4C19 will appear as blank and the employment growth factor will not be computed for the tax credit determination period.

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**Item S4C15:** Indicate the aggregate number of full-time eligible employees of the Qualified Bermuda Group for the immediately preceding tax credit determination period, as determined in accordance with section 18(1)(b).

To the extent that the aggregate number of full-time eligible employees of the Qualified Bermuda Group for the immediately preceding tax credit determination period was nil:

- a value of zero should be reported in item S4C15 (i.e. employment growth factor will not automatically compute to the extent that there is a positive value in item S4C18 and item S4C15 is blank); and
- subject to the above, the employment growth factor for the current tax credit determination period shall be deemed to be 200% (see section 18(2)(a)).

Item S4C15 must be a nil or a positive value and should not be completed to the extent that the Bermuda Group does not meet the requirements to be treated as a Qualifying Bermuda Group for the purposes of the substance-based tax credit (see item S1B9).

**Item S4C16:** To the extent that a Qualifying Bermuda Group acquires or disposes of an ownership interest in a QBGE, adjustments may be required to the determination of the employment growth factor for the tax credit determination period immediately succeeding the transfer date (see section 18(2)(c)). The amount of any required adjustment should be reported in item S4C16.

**Item S4C19:** Except as noted above, the employment growth factor will compute automatically in item S4C19 based on the information reported in Part 3.

### 4.5 Schedule 5: Expense-Based Benefit Component

Schedule 5 includes information relevant to the determination of the expense-based benefit component of the Substance-Based Tax Credit for the tax credit determination period.

#### 4.5.1 Structure of this schedule

Schedule 5 consists of the following Sections:

|                  |                                                                                                                                |
|------------------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>Section A</b> | automatically computes the expense-based benefit component of each QBGE based on the information reported in Sections B and I. |
|------------------|--------------------------------------------------------------------------------------------------------------------------------|

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|                  |                                                                                                                                                                                   |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Section B</b> | automatically computes the eligible Bermuda expenses includible in the determination of the expense-based benefit component based on the information reported in Sections C to H. |
| <b>Section C</b> | automatically computes the payroll-based limitation on eligible Bermuda expenses (see section 19(1)(a)(ii)).                                                                      |
| <b>Section D</b> | supports the determination of the Bermuda business premises expenses incurred by the QBGE members of the Qualifying Bermuda Group for the tax credit determination period.        |
| <b>Section E</b> | provides a summary of the Bermuda tangible-asset related expenses incurred by the QBGE members of the Qualifying Bermuda Group for the tax credit determination period.           |
| <b>Section F</b> | provides a summary of the eligible Bermuda service expenses incurred by the QBGE members of the Qualifying Bermuda Group for the tax credit determination period.                 |
| <b>Section G</b> | provides a summary of the eligible Bermuda training expenses incurred by the QBGE members of the Qualifying Bermuda Group for the tax credit determination period.                |
| <b>Section H</b> | provides a summary of other eligible Bermuda expenses incurred by the QBGE members of the Qualifying Bermuda Group for the tax credit determination period.                       |
| <b>Section I</b> | supports the determination of the expense-based benefit factor of the Qualifying Bermuda Group for the tax credit determination period.                                           |

Further information regarding Sections D to I is summarised in articles 4.5.2 to 4.5.7 below.

### 4.5.2 Section D: Bermuda business premises expenses

Section D supports the determination of the Bermuda business premises expenses incurred by the QBGE members of the Qualifying Bermuda Group for the tax credit determination period. The Bermuda business premises expenses incurred by a QBGE may be determined based on:

- the actual business premises expenses incurred by the QBGE for the tax credit determination period (see Part 1); or

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- the square footage of the business premises occupied by the QBGE during the tax credit determination period (see Parts 2 to 5), provided that an election has been made in accordance with section 19(3)(c) (see item E7).

### *Part 1: Actual Bermuda business premises expenses incurred (section 19(3)(b))*

Bermuda business premises expenses should not be entered in Part 1 to the extent that the election has been made to disregard actual business premises expenses incurred by the QBGE for the tax credit determination period (see item E7).

The Bermuda business premises expenses in items S5D7 to S5D12 should be reported net of any adjustments resulting from the application of an election:

- to disregard, in whole or in part, expenses of the QBGE for the purposes of determining eligible Bermuda expenses for the tax credit determination period (see item E6); or
- described in item E8, to the extent that the election results in an adjustment to the carrying value of an asset or liability (see section 19(5)(b)(iv)) which has the further effect of adjusting an expense (e.g. depreciation expense) included in the determination of Bermuda business premises expenses.

### *Parts 2 to 5: Elective determination of Bermuda business premises expenses (section 19(3)(c))*

Parts 2 to 5 should be completed to the extent that the election has been made to determine the business premises expenses of the QBGE based on the square footage of its business premises (see item E7).

To the extent that the square footage of the QBGE's business premises differed for specific time intervals falling within the tax credit determination period, a separate Part (i.e. from Parts 2 to 5, each of which are identical) should be completed for each such specific time interval for the QBGE. For example, if it is assumed that:

- the election has been made in item E7 to determine the eligible business premises expenses of QBGE 1 based on square footage;
- QBGE 1 occupied Bermuda business premises comprising 5,000 square feet of space for the first 65 days of the tax credit determination period, and then relocated to new Bermuda business premises comprising 10,000 square feet of space for the last 300 days of the tax credit determination period,

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the Filing QBGE would report:

- 65 days in item S5D14 and 5,000 square feet in item S5D19 of Part 2 for QBGE 1; and
- 300 days in item S5D23 and 10,000 square feet in item S5D28 of Part 3 for QBGE 1.

**Items S5D14, S5D23, S5D32, and S5D41:** Indicate the number of days during the specific time interval in which the business premises were owned or leased by the QBGE. The aggregate number of days reported in these items may not exceed the number of days during the tax credit determination period.

**Items S5D19, S5D28, S5D37, and S5D46:** Indicate the square footage of the business premises owned or leased by the QBGE during the specific time interval reported in the relevant Part.

**Items S5D22, S5D31, S5D40, and S5D49:** Given that:

- the deemed expense rate from section 19(3)(c)(ii)(B) is expressed in U.S. dollars (i.e. \$100 per square foot); and
- Bermuda business premises expenses are required to be determined in the financial statement presentation currency (see article 2.3.4),

the Bermuda business premises expenses determined based on the \$100/square foot rate must be converted into an equivalent amount denominated in the financial statement presentation currency. The conversion into U.S. dollars is computed based on the foreign exchange rate provided in item S1A9.

### 4.5.3 Section E: Bermuda tangible asset-related expenses

The Bermuda tangible asset-related expenses in item S5E1 should be determined in accordance with section 19(4), and should be reported net of any adjustments resulting from the application of an election:

- to disregard, in whole or in part, expenses of the QBGE for the purposes of determining eligible Bermuda expenses for the tax credit determination period (see item E6); or
- described in item E8, to the extent that the election results in an adjustment to the carrying value of an asset or liability (see section 19(5)(b)(iv)) which has the further

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effect of adjusting an expense (e.g. depreciation expense) included in the determination of Bermuda tangible asset-related expenses.

### 4.5.4 Section F: Eligible Bermuda service expenses

The eligible Bermuda service expenses in items S5F1 to S5F7 should be determined in accordance with section 19(5) and the Tax Credits Regulations, and should be reported net of any adjustments resulting from the application of an election to disregard, in whole or in part, expenses of the QBGE for the purposes of determining eligible Bermuda expenses for the tax credit determination period (see item E6).

**Item S5F7:** Any adjustments resulting from the application of the election to adjust eligible service expenses of the QBGE with respect to capitalised expenditures (see item E8) should be reported in item S5F7.

### 4.5.5 Section G: Eligible training expenses

The eligible training expenses in items S5G1 to S5G6 should be determined in accordance with section 19(6) and the Tax Credits Regulations, and should be reported net of any adjustments resulting from the application of an election to disregard, in whole or in part, expenses of the QBGE for the purposes of determining eligible Bermuda expenses for the tax credit determination period (see item E6).

Expense amounts should only be reported in items S5G2 through S5G5 to the extent that the expenses were incurred with respect to eligible employees of the QBGE who were exempt from the requirement to hold a work permit during the period (see item S1D2).

### 4.5.6 Section H: Other eligible expenses

The other eligible expenses in items S5H1 to S5H3 should be determined in accordance with section 19(7) and should be reported net of any adjustments resulting from the application of an election to disregard, in whole or in part, expenses of the QBGE for the purposes of determining eligible Bermuda expenses for the tax credit determination period (see item E6).

### 4.5.7 Section I: Determination of the expense-based benefit factor

Section I supports the determination of the expense-based benefit factor for the tax credit determination period.

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The expenses-based benefit factor (see item S5I3) to be applied to the eligible Bermuda expenses of each QBGE is determined by dividing:

- the total expense-based benefit component for the Qualifying Bermuda Group, as determined in Part 1 (see item S5I1); by
- the total eligible Bermuda expenses includible in the determination of the expense-based benefit component of the Qualifying Bermuda Group (see item S5I2).

### *Part 1: Determination of the expense-based benefit component for the Qualifying Bermuda Group*

Part 1 automatically computes the total expense-based benefit component of the Qualifying Bermuda Group based on the allocations of total eligible Bermuda expenses to each specific benefit rate band in Part 2.

The transition factor in item S5I11 is computed automatically based on the rates established in section 21 and the dates entered in item S1A4 or, if section 33 applies, item S1B6.

### *Part 2: Allocation of eligible Bermuda expenses to specific benefit rate bands*

Part 2 automatically allocates the eligible Bermuda expenses of the Qualifying Bermuda Group to each of the specific benefit rate bands, as established by the adjusted dollar limits in Part 3.

### *Part 3: Adjustment to expense-based benefit factor dollar limits (section 20(3))*

Part 3 automatically computes the following adjustments to the expense-based benefit factor dollar limits:

- To the extent that section 33 applies (such that the fiscal year is divided into more than one tax credit determination period), the dollar limits in section 20(1) shall be multiplied by the percentage (see item S5I26) determined by dividing:
  - the number of weeks in the tax credit determination period (see item S5I24), as computed based on the dates entered in items S1B6 and S1B7; by
  - 52 weeks (see item S5I25).
- Given that:

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- the dollar limits in section 20(1) are denominated in U.S. dollars; and
- eligible Bermuda expenses are denominated in the financial statement presentation currency,

each dollar limit must be converted into an equivalent amount denominated in the financial statement presentation currency for the purposes of applying eligible Bermuda expenses to the adjusted benefit rate bands. The conversion into U.S. dollars is computed based on the foreign exchange rate provided in item S1A9.

### 4.6 Schedule 6: Tax Credit Carryforward Amounts

Schedule 6 summarises the determination of the tax credit carryforward amounts for the Substance-Based Tax Credit for the tax credit determination period. With the exception of items S6A6 to S6A8, all data fields in Schedule 6 are computed automatically based on information reported in Schedules 1 through 5.

**Item S6A6:** Indicate the closing tax credit carryforward amounts allocated to the second preceding benefit period at the end of the immediately preceding tax credit determination period. The amount entered should agree to the amount reported in item S6B18 in the Tax Return Schedules for the immediately preceding tax credit determination period.

**Item S6A7:** Indicate the closing tax credit carryforward amounts allocated to the first preceding benefit period at the end of the immediately preceding tax credit determination period. The amount entered should agree to the amount reported in item S6B21 in the Tax Return Schedules for the immediately preceding tax credit determination period.

**Item S6A8:** Indicate the closing tax credit carryforward amounts allocated to the immediately preceding tax credit determination period. The amount entered should agree to the amount reported in item S6B26 in the Tax Return Schedules for the immediately preceding tax credit determination period.

*Part 2: Opening tax credit carryforward allocations determined in accordance with section 22(5)*

To the extent that:

- section 22(3)(a) applies to the QBGE, the benefit period allocations for the opening tax loss carryforward shall be determined in accordance with section 22(5) in Part 2; or
- section 22(3)(a) does not apply to the QBGE, the benefit period allocations for the opening tax loss carryforward shall be determined in accordance with section 22(4) in Part 3.

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See the instructions to item S1C6 for further information regarding section 22(3)(a).

### 4.7 Schedule 7: Eligible payroll expenses incurred (section 8(1)(a)(i) and (ii))

Schedule 7 includes detailed information relevant to the determination of eligible payroll expenses, other than expenses related to long-term compensation awards or multi-employer arrangements (see sections 8(1)(a)(i) and (ii)).

#### 4.7.1 Structure of this schedule

Schedule 7 consists of the following Sections:

|                  |                                                                                                                               |
|------------------|-------------------------------------------------------------------------------------------------------------------------------|
| <b>Section A</b> | includes detailed information regarding payroll expenses incurred for the tax credit determination period.                    |
| <b>Section B</b> | supports the determination of eligible payroll expenses incurred for the tax credit determination period.                     |
| <b>Section C</b> | supports the determination of the aggregate number of full-time equivalent employees for the tax credit determination period. |
| <b>Section D</b> | supports the determination of the Bermuda employment factor for the tax credit determination period.                          |
| <b>Section E</b> | supports the determination of the training percentage for the tax credit determination period.                                |

Further information regarding each Section is summarised in articles 4.7.2 to 4.7.6 below.

#### 4.7.2 Section A: Payroll expenses

Payroll expenses should only be reported in Section A to the extent that such expenses:

- were incurred with respect to eligible employees who were not subject to multi-employer arrangements (see item S1D3); and
- were not incurred with respect to long-term compensation awards.

As discussed in article 4.1.5, the unique employee identifiers reported in item S1D1:

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- will be automatically reported at the top of Section A in the columns that correspond to eligible employees who are not subject to section 13; and
- will not be reported at the top of Section A in the columns that correspond to eligible employees who are subject to section 13 (see Schedule 9).

Payroll expenses reported in Section A should be reported net of any adjustments resulting from the application of the election to disregard, in whole or in part, eligible payroll expenses of the QBGE for the tax credit determination period (see item E1).

**Item S7A3:** Payroll expenses incurred with respect to stock-based compensation:

- should only be reported in item S7A3 to the extent that the stock-based compensation does not meet the requirements to be treated as a long-term compensation award; and
- should be determined in accordance with section 5(2)(d).

**Item S7A13:** Any adjustments resulting from the application of the election to adjust eligible payroll expenses described in sections 8(1)(a)(i) and (ii) with respect to capitalised expenditures (see item E2) should be reported in item S7A13.

### 4.7.3 Section B: Eligible payroll expenses

Section B supports the determination of:

- the extent to which payroll expenses reported in Section A meet the requirements to be treated as eligible payroll expenses (i.e. based on the application of the eligible employee's Bermuda workdays percentage); and
- the extent to which such eligible payroll expenses are described in section 8(1)(a)(i) (i.e. payroll expenses incurred by an eligible employee with a Bermuda workdays percentage which exceeds 50%) or section 8(1)(a)(ii) (i.e. payroll expenses incurred by an eligible employee with a Bermuda workdays percentage of 50% or less).

**Items S7B2 and S7B3:** To the extent that the Bermuda workdays percentage (see section 10) for the eligible employee:

- exceeds 50% for the tax credit determination period, the Filing QBGE may either:
  - select "More than 50%" in item S7B2; or

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- report the actual Bermuda workdays percentage in item S7B3; or
- is 50% or less for the tax credit determination period, the Filing QBGE must report the actual Bermuda workdays percentage in item S7B3.

If information is entered in both items S7B2 and S7B3 with respect to the eligible employee, the information provided in item S7B3 shall be included in the determination of eligible payroll expenses in item S7B4 and the information provided in item S7B2 shall be disregarded.

**Item S7B4:** Eligible payroll expenses are automatically computed in item S7B4 based on the payroll expenses from Section A and the Bermuda workdays percentage in items S7B2 or S7B3. To the extent that the Bermuda workdays percentage for the eligible employee:

- exceeds 50% for the tax credit determination period (as per items S7B2 or S7B3), all of the eligible employee's payroll expenses shall be included in the determination of eligible payroll expenses in item S7B4; or
- is 50% or less for the tax credit determination period, a portion of the eligible employee's payroll expenses (i.e. the product of such payroll expenses and the Bermuda workdays percentage) shall be included in the determination of eligible payroll expenses in item S7B4.

**Items S7B5 and S7B6:** The allocation of eligible payroll expenses between item S7B5 (i.e. expenses incurred for eligible employees with a Bermuda workdays percentage in excess of 50%) and item S7B6 (i.e. expenses incurred for eligible employees with a Bermuda workdays percentage of 50% or less) is automatically computed based on the Bermuda workdays percentage reported in items S7B2 or S7B3.

### 4.7.4 Section C: Determination of full-time equivalent status for the current tax credit determination period

Section C supports the determination of the aggregate number of full-time equivalent employees for the tax credit determination period.

**Item S7C2:** Indicate the full-time equivalent factor for the eligible employee for the tax credit determination period, as determined in accordance with section 16(4). The full-time equivalent factor should be entered as a percentage, must be a positive value, and may not exceed 100%.

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To the extent that the election has been made to disregard one or more eligible employees for the purposes of determining the headcount factor of the Qualifying Bermuda Group (see item E3), the information in item S7C2 should be reported net of any reduction resulting from the application of the election.

The headcount factor (see item S4C7) will not compute to the extent that:

- eligible payroll expenses have been incurred with respect to an eligible employee for the tax credit determination period; and
- the full-time equivalent factor has not been reported with respect to the eligible employee in item S7C2.

**Item S7C3:** The full-time equivalent amount included in the determination of the headcount factor with respect to the eligible employee shall be:

- equal to the product of 1 and the full-time equivalent factor in item S7C2, to the extent that the Bermuda workdays percentage of the eligible employee exceeds 50%; or
- equal to the product of 1, the full-time equivalent factor, and the Bermuda workdays percentage, to the extent that the Bermuda workdays percentage of the eligible employee is 50% or less.

### 4.7.5 Section D: Bermuda employment factor

The Bermuda employment factor (see section 17(1)(a)) is automatically computed based on the eligible payroll expenses reported in Schedules 7 to 10 and the work permit classification of each eligible employee from item S1D2.

To the extent that the election has been made to utilise a Bermuda employment and training factor of 100% for the tax credit determination period (see item E4):

- items S7D1 to S7D7 will be blank; and
- the Bermuda employment and training factor in item S4C14 will be 100%.

### 4.7.6 Section E: Training percentage

The Bermuda training percentage (see section 17(2)) is automatically computed based on the eligible payroll expenses reported in Schedules 7 to 10 and the training days percentage reported in item S7E4.

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To the extent that the election has been made to utilise a Bermuda employment and training factor of 100% (see item E4) or to utilise a training percentage of 0% for the tax credit determination period (see item E5):

- items S7E1 to S7E10 will be blank;
- the training days percentages for eligible employees should not be reported in item S7E4; and
- the Bermuda training percentage reported in item S7E11 and included in the determination of item S4C11 will be 0%.

**Item S7E4:** The training days percentage for the eligible employee shall be the result obtained by dividing:

- the number of days on which the eligible employee was engaged in eligible training activities (see section 12) during the tax credit determination period; by
- the total number of workdays for the eligible employee during the tax credit determination period.

### 4.8 Schedule 8: Eligible payroll expenses incurred with respect to long-term compensation awards (section 8(1)(a)(v) and (vi))

Schedule 8 includes detailed information relevant to the determination of eligible payroll expenses, other than expenses related to multi-employer arrangements, incurred with respect to long-term compensation awards (see section 8(1)(a)(v) and (vi)).

#### 4.8.1 Structure of this schedule

Schedule 8 consists of the following Sections:

|                  |                                                                                                                                                                  |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Section A</b> | includes a summary of the eligible payroll expenses incurred with respect to the long-term compensation awards reported in Section B.                            |
| <b>Section B</b> | supports the determination of eligible payroll expenses incurred with respect to specific long-term compensation awards for the tax credit determination period. |

Further information regarding each Section is summarised in articles 4.8.2 and 4.8.3 below.

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### 4.8.2 Section A: Aggregate eligible payroll expenses incurred with respect to long-term compensation awards

Section A automatically aggregates all of the eligible payroll expenses computed in Section B with respect to specific long-term compensation awards. To the extent that information relevant to the determination of eligible payroll expenses has not been included in Section B, total eligible payroll expenses will not compute in Section A.

### 4.8.3 Section B: Eligible payroll expenses incurred with respect to specific long-term compensation awards

Section B is comprised of 15 separate Parts, each of which corresponds to a specific long-term compensation award from Schedule 1, Section E. For example, information entered with respect to long-term compensation award #1 (see items S1E1 to S1E3, column L) will be reported in Schedule 8, Section B, Part 1.

Payroll expenses incurred with respect to long-term compensation awards should only be reported in Section B to the extent that such expenses were not attributable to multi-employer arrangements. If the eligible employee was employed by QBGE and non-QBGE members of the group during the workday allocation period for a long-term compensation award, the appropriate selection should be made in item S1D3 and the payroll expenses incurred with respect to such award should be reported in Schedule 10.

To the extent that information regarding a long-term compensation award has been reported in item S1E1, the relevant Part in Schedule 8, Section B will be automatically populated with the unique employee identifiers from item S1D1 (provided that the eligible employee is not subject to section 13 for the tax credit determination period). For example, if it is assumed that information is reported in:

- Schedule 1, Section E with respect to long-term compensation award #1;
- Item S1D1, column L with respect to eligible employee EE #1; and
- EE #1 is not subject to section 13 (i.e. item S1D3 is blank),

the unique identifier for EE #1 will appear in column L at the top of Schedule 8, Section B, Part 1 and the eligible payroll expenses (if any) incurred with respect to long-term compensation award #1 for EE #1 should be reported in item S8B4, column L. Conversely, If section 13 does apply the unique identifier for EE #1 will not appear in column L at the top

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of Part 1 (and will instead appear in Schedule 10, Section B, Part 1) and no eligible payroll expenses should be reported in item S8B4, column L.

Payroll expenses reported in Section B with respect to specific long-term compensation awards should be:

- determined in accordance with section 5(2)(d);
- reported net of any adjustments resulting from the application of the elections to:
  - disregard, in whole or in part, eligible payroll expenses of the QBGE for the tax credit determination period (see item E1); and
  - adjust the payroll expenses of the QBGE with respect to capitalised expenditures (see item E2).

Section B also supports the determination of:

- the extent to which payroll expenses meet the requirements to be treated as eligible payroll expenses (i.e. based on the application of the eligible employee's workday allocation percentage); and
- the extent to which such eligible payroll expenses are described in section 8(1)(a)(v) (i.e. payroll expenses incurred by an eligible employee with a workday allocation percentage which exceeds 50% for the long-term compensation award) or section 8(1)(a)(vi) (i.e. payroll expenses incurred by an eligible employee with a workday allocation percentage of 50% or less for the long-term compensation award).

To the extent that the workday allocation percentage for the eligible employee with respect to the long-term compensation award:

- exceeds 50% for the tax credit determination period, the Filing QBGE may either:
  - select "More than 50%" for the relevant item corresponding to the long-term compensation award (e.g. item S8B5 for long-term compensation award #1); or
  - report the actual workday allocation percentage for the relevant item corresponding to the long-term compensation award (e.g. item S8B6 for long-term compensation award #1); or

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- is 50% or less, the Filing QBGE must report the actual workday allocation percentage for the relevant item corresponding to the long-term compensation award (e.g. item S8B6 for long-term compensation award #1)

Eligible payroll expenses are automatically computed (e.g. see item S8B7 for long-term compensation award #1) based on the payroll expenses and the workday allocation percentage reported in the relevant Part. To the extent that the workday allocation percentage for the eligible employee:

- exceeds 50% (e.g. as per items S8B5 or S8B6 for long-term compensation award #1), all of the eligible employee's payroll expenses incurred with respect to the long-term compensation award shall be included in the determination of eligible payroll expenses; or
- is 50% or less, a portion of the eligible employee's payroll expenses incurred with respect to the long-term compensation award (i.e. the product of such payroll expenses and the workday allocation percentage) shall be included in the determination of eligible payroll expenses.

The allocation of eligible payroll expenses between section 8(1)(a)(v) (e.g. item S8B8 for long-term compensation award #1) and section 8(1)(a)(vi) (e.g. item S8B9 for long-term compensation award #1) is automatically computed based on the workday allocation percentage.

### 4.9 Schedule 9: Eligible payroll expenses incurred with respect to multi-employer arrangements (section 8(1)(a)(iii) and (iv))

Schedule 9 includes detailed information relevant to the determination of eligible payroll expenses, other than expenses related to long-term compensation awards, incurred with respect to eligible employees participating in multi-employer arrangements (see section 8(1)(a)(iii) and (iv)).

At present, Schedule 9 can accommodate data entry for up to 40 eligible employees. To the extent that a Qualifying Bermuda Group incurred eligible payroll expenses with respect to more than 40 eligible employees who are subject to section 13 during the tax credit determination period, please contact the Agency via CITA Online.

#### 4.9.1 Structure of this schedule

Schedule 9 consists of the following Sections:

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|                  |                                                                                                                                                                                |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Section A</b> | includes detailed information regarding payroll expenses incurred for the tax credit determination period.                                                                     |
| <b>Section B</b> | supports the determination of eligible payroll expenses incurred for the tax credit determination period.                                                                      |
| <b>Section C</b> | supports the allocation of the eligible payroll expenses determined in Section B amongst the QBGE employers of each eligible employee for the tax credit determination period. |
| <b>Section D</b> | supports the determination of the aggregate number of full-time equivalent employees for the tax credit determination period.                                                  |
| <b>Section E</b> | supports the determination of the Bermuda employment factor for the tax credit determination period.                                                                           |
| <b>Section F</b> | supports the determination of the training percentage for the tax credit determination period.                                                                                 |

Further information regarding each Section is summarised in articles 4.9.2 to 4.9.7 below.

### 4.9.2 Section A: Payroll expenses

Payroll expenses should only be reported in Section A to the extent that such expenses:

- were incurred with respect to eligible employees who were subject to multi-employer arrangements (see item S1D3); and
- were not incurred with respect to long-term compensation awards.

Payroll expenses incurred by all QBGE and non-QBGE employers of the eligible employee during the tax credit determination period should be reported in Section A (see section 13(2)).

The unique employee identifiers reported in item S1D1 will be automatically reported at the top of Section A for those eligible employees who are subject to section 13 (see item S1D3).

Payroll expenses reported in Section A should be reported net of any adjustments resulting from the application of the election to disregard, in whole or in part, eligible payroll expenses for the tax credit determination period (see item E1).

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**Item S9A3:** Payroll expenses incurred with respect to stock-based compensation:

- should only be reported in item S9A3 to the extent that the stock-based compensation does not meet the requirements to be treated as a long-term compensation award; and
- should be determined in accordance with section 5(2)(d).

**Item S9A11:** Any adjustments resulting from the application of the election to adjust eligible payroll expenses described in sections 8(1)(a)(iii) and (iv) with respect to capitalised expenditures (see item E2) should be reported in item S9A11.

### 4.9.3 Section B: Eligible payroll expenses

Section B supports the determination of:

- the extent to which payroll expenses reported in Section A meet the requirements to be treated as eligible payroll expenses (i.e. based on the application of the eligible employee's Bermuda workdays percentage); and
- the extent to which such eligible payroll expenses are described in section 8(1)(a)(iii) (i.e. payroll expenses incurred by an eligible employee with a Bermuda workdays percentage which exceeds 50%) or section 8(1)(a)(iv) (i.e. payroll expenses incurred by an eligible employee with a Bermuda workdays percentage of 50% or less).

**Items S9B2 and S9B3:** To the extent that the Bermuda workdays percentage for the eligible employee:

- exceeds 50% for the tax credit determination period, the Filing QBGE may either:
  - select "More than 50%" in item S9B2; or
  - report the actual Bermuda workdays percentage in item S9B3; or
- 50% or less for the tax credit determination period, the Filing QBGE must report the actual Bermuda workdays percentage in item S9B3.

If information is entered in both items S9B2 and S9B3 with respect to the eligible employee, the information provided in item S9B3 shall be included in the determination of eligible payroll expenses in item S9B4 and the information provided in item S9B2 shall be disregarded.

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**Item S9B4:** Eligible payroll expenses are automatically computed in item S9B4 based on the payroll expenses from Section A and the Bermuda workdays percentage in items S9B2 or S9B3. To the extent that the Bermuda workdays percentage for the eligible employee:

- exceeds 50% for the tax credit determination period (as per items S9B2 or S9B3), all of the eligible employee's payroll expenses shall be included in the determination of eligible payroll expenses in item S9B4; or
- is 50% or less for the tax credit determination period, a portion of the eligible employee's payroll expenses (i.e. the product of such payroll expenses and the Bermuda workdays percentage) shall be included in the determination of eligible payroll expenses in item S9B4.

**Items S9B5 and S9B6:** The allocation of eligible payroll expenses between item S9B5 (i.e. expenses incurred for eligible employees with a Bermuda workdays percentage in excess of 50%) and item S9B6 (i.e. expenses incurred for eligible employees with a Bermuda workdays percentage of 50% or less) is automatically computed based on the Bermuda workdays percentage reported in items S9B2 or S9B3.

### 4.9.4 Section C: Allocation of eligible payroll expenses to QBGEs

Pursuant to section 13(3), to the extent that an eligible employee who is subject to section 13 is employed by more than one QBGE during the tax credit determination period, the eligible payroll expenses incurred with respect to the eligible employee shall be allocated equally amongst the employing QBGEs.

Select each QBGE which employed the eligible employee during the tax credit determination period from the drop-down menu in items S9C1, S9C4, S9C7, and S9C10. The aggregate eligible payroll expenses from items S9B5 and S9B6 will be ratably allocated to each selected QBGE in accordance with section 13(3).

At present, Section C can accommodate the allocation of eligible payroll expenses for up to 4 QBGEs per eligible employee. To the extent that more than 4 QBGEs incurred eligible payroll expenses with respect to the same eligible employee during the tax credit determination period, please contact the Agency via CITA Online.

### 4.9.5 Section D: Determination of full-time equivalent status for the current tax credit determination period

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Section D supports the determination of the aggregate number of full-time equivalent employees for the tax credit determination period with respect to eligible employees who are subject to section 13.

**Item S9D2:** Indicate the full-time equivalent factor for the eligible employee for the tax credit determination period, as determined in accordance with section 16(4). The full-time equivalent factor should be entered as a percentage, must be a positive value, and may not exceed 100%.

To the extent that the election has been made to disregard one or more eligible employees for the purposes of determining the headcount factor of the Qualifying Bermuda Group (see item E3), the information in item S9D2 should be reported net of any reduction resulting from the application of the election.

The headcount factor (see item S4C7) will not compute to the extent that:

- eligible payroll expenses have been incurred with respect to an eligible employee for the tax credit determination period; and
- the full-time equivalent factor has not reported with respect to the eligible employee in item S9D2.

**Item S9D3:** The full-time equivalent amount included in the determination of the headcount factor with respect to the eligible employee shall be:

- equal to the product of 1 and the full-time equivalent factor in item S9D2, to the extent that the Bermuda workdays percentage of the eligible employee exceeds 50%; or
- equal to the product of 1, the full-time equivalent factor in item S9D2, and the Bermuda workdays percentage, to the extent that the Bermuda workdays percentage of the eligible employee is 50% or less.

### 4.9.6 Section E: Bermuda employment factor

The Bermuda employment factor (see section 17(1)(a)) is automatically computed based on the eligible payroll expenses reported in Schedules 9 and 10 and the work permit classification of each eligible employee from item S1D2.

To the extent that the election has been made to utilise a Bermuda employment and training factor of 100% for the tax credit determination period (see item E4):

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- items S9E1 to S9E5 will be blank; and
- the Bermuda employment and training factor in item S4C14 will be 100%.

### 4.9.7 Section F: Training percentage

The Bermuda training percentage (see section 17(2)) is automatically computed based on the eligible payroll expenses reported in Schedules 9 and 10 and the training days percentage reported in item S9F4.

To the extent that the election has been made to utilise a Bermuda employment and training factor of 100% (see item E4) or to utilise a training percentage of 0% for the tax credit determination period (see item E5):

- items S9F1 to S9F5 will be blank; and
- the training days percentages for eligible employees should not be reported in item S9F4.

**Item S9F4:** The training days percentage for the eligible employee shall be the result obtained by dividing:

- the number of days on which the eligible employee was engaged in eligible training activities (see section 12) during the tax credit determination period; by
- the total number of workdays for the eligible employee during the tax credit determination period.

### 4.10 Schedule 10: Eligible payroll expenses incurred with respect to long-term compensation awards in multi-employer arrangements (section 8(1)(a)(vii) and (viii))

Schedule 10 includes detailed information relevant to the determination of eligible payroll expenses incurred with respect to long-term compensation awards for eligible employees participating in multi-employer arrangements (see section 8(1)(a)(vii) and (viii)).

#### 4.10.1 Structure of this schedule

Schedule 10 consists of the following Sections:

**Section A** includes a summary of the eligible payroll expenses incurred with respect to the long-term compensation awards reported in Section B.

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**Section B** supports the determination and allocation of eligible payroll expenses incurred with respect to specific long-term compensation awards for the tax credit determination period.

Further information regarding each Section is summarised in articles 4.10.2 and 4.10.3 below.

### 4.10.2 Section A: Aggregate eligible payroll expenses incurred with respect to long-term compensation awards in multi-employer arrangements

Section A automatically aggregates all of the eligible payroll expenses computed in Section B with respect to specific long-term compensation awards. To the extent that information relevant to the determination of eligible payroll expenses has not been included in Section B, total eligible payroll expenses will not compute in Section A.

### 4.10.3 Section B: Eligible payroll expenses incurred with respect to specific long-term compensation awards in multi-employer arrangements

Section B is comprised of 15 separate Parts, each of which corresponds to a specific long-term compensation award from Schedule 1, Section E. For example, information entered with respect to long-term compensation award #1 (see items S1E1 to S1E3, column L) will be reported in Schedule 10, Section B, Part 1.

Each Part is further divided into:

- Subpart A, which supports the determination of eligible payroll expenses; and
- Subpart B, which supports the allocation of the eligible payroll expenses determined in Subpart A.

#### *Subpart A: Determination of eligible payroll expenses*

Payroll expenses incurred with respect to long-term compensation awards should only be reported in Section B to the extent that such expenses were attributable to multi-employer arrangements. If the eligible employee was only employed by QBGE members of the group during the workday allocation period for a long-term compensation award, the payroll expenses incurred with respect to such award should be reported in Schedule 8.

To the extent that information regarding a long-term compensation award has been reported in item S1E1, the relevant Part in Schedule 10, Section B will be automatically

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populated with the unique employee identifiers from item S1D1 for those eligible employees who are subject to section 13 for the tax credit determination period).

Payroll expenses reported in Section B with respect to specific long-term compensation awards should:

- include payroll expenses incurred by all QBGE and non-QBGE employers of the eligible employee for the tax credit determination period (see section 13(4));
- be determined in accordance with section 5(2)(d);
- be reported net of any adjustments resulting from the application of the elections to:
  - disregard, in whole or in part, eligible payroll expenses of the QBGE for the tax credit determination period (see item E1); and
  - adjust the payroll expenses of the QBGE with respect to capitalised expenditures (see item E2).

Section B also supports the determination of:

- the extent to which payroll expenses meet the requirements to be treated as eligible payroll expenses (i.e. based on the application of the eligible employee's workday allocation percentage); and
- the extent to which such eligible payroll expenses are described in section 8(1)(a)(vii) (i.e. payroll expenses incurred by an eligible employee with a workday allocation percentage which exceeds 50% for the long-term compensation award) or section 8(1)(a)(viii) (i.e. payroll expenses incurred by an eligible employee with a workday allocation percentage of 50% or less for the long-term compensation award).

To the extent that the workday allocation percentage for the eligible employee with respect to the long-term compensation award:

- exceeds 50% for the tax credit determination period, the Filing QBGE may either:
  - select "More than 50%" for the relevant item corresponding to the long-term compensation award (e.g. item S10B5 for long-term compensation award #1); or

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- report the actual workday allocation percentage for the relevant item corresponding to the long-term compensation award (e.g. item S10B6 for long-term compensation award #1); or
- is 50% or less, the Filing QBGE must report the actual workday allocation percentage for the relevant item corresponding to the long-term compensation award (e.g. item S10B6 for long-term compensation award #1)

Eligible payroll expenses are automatically computed (e.g. see item S10B7 for long-term compensation award #1) based on the payroll expenses and the workday allocation percentage reported in the relevant Part. To the extent that the workday allocation percentage for the eligible employee:

- exceeds 50% (e.g. as per items S10B5 or S10B6 for long-term compensation award #1), all of the eligible employee's payroll expenses incurred with respect to the long-term compensation award shall be included in the determination of eligible payroll expenses; or
- is equal to or less than 50%, a portion of the eligible employee's payroll expenses incurred with respect to the long-term compensation award (i.e. the product of such payroll expenses and the workday allocation percentage) shall be included in the determination of eligible payroll expenses.

The allocation of eligible payroll expenses between section 8(1)(a)(vii) (e.g. item S10B8 for long-term compensation award #1) and section 8(1)(a)(viii) (e.g. item S10B9 for long-term compensation award #1) is automatically computed based on the workday allocation percentage.

### *Subpart B: Allocation of eligible payroll expenses*

Pursuant to section 13(5), to the extent that an eligible employee who is subject to section 13 is employed by more than one QBGE during the workday allocation period, the eligible payroll expenses incurred with respect to the eligible employee shall be allocated equally amongst the employing QBGEs.

In Subpart B, select each QBGE which employed the eligible employee during the workday allocation period from the drop-down menu (e.g. items S10B10, S10B13, S10B16, and S10B19 with respect to long-term compensation award #1). The aggregate eligible payroll expenses (e.g. items S10B8 and S10B9 with respect to long-term compensation award #1) will be ratably allocated to each selected QBGE in accordance with section 13(5).

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At present, Subpart B can accommodate the allocation of eligible payroll expenses for up to 4 QBGEs per eligible employee. To the extent that more than 4 QBGEs incurred eligible payroll expenses with respect to the same eligible employee during the workday allocation period, please contact the Agency via CITA Online.