



BERMUDA

CORPORATE INCOME TAX AMENDMENT ACT 2025

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- 29 Consequential amendment to Corporate Income Tax Agency Act 2024
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WHEREAS it is expedient to amend the Corporate Income Tax Act 2023 so as to make certain technical amendments required to provide miscellaneous updates to enhance Bermuda's corporate income tax regime and to better facilitate the filing of tax returns; and to make consequential amendments to the Corporate Income Tax Agency Act 2024 and the Public Treasury (Administration and Payments) Act 1969;

Be it enacted by The King's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows—

Citation

- 1 This Act, which amends the Corporate Income Tax Act 2023 (the "principal Act") may be cited as the Corporate Income Tax Amendment Act 2025.

Amends section 2

- 2 Section 2(1) of the principal Act is amended—
- (a) in the definition of "annual election", by deleting the words "an election made by" and substituting "an election made by or on behalf of";
 - (b) by repealing the definition of "branch exemption election " and substituting the following definition—

“ "branch exemption election" means an annual election made by the Filing Bermuda Constituent Entity to allocate financial accounting net income or loss of a Bermuda Constituent Entity to a specific permanent establishment through which the business of a Bermuda Constituent Entity is carried out, and a branch exemption election—

 - (a) is permitted with respect to any or all of the permanent establishments through which the business of the Bermuda Constituent Entity is carried out; and
 - (b) shall apply only to the specific permanent establishment(s) designated by the Bermuda Constituent Entity;";
 - (c) in the definition of "five-year election", by deleting the words "an election made by" and substituting "an election made by or on behalf of";
 - (d) in the definition of "short-term portfolio shareholding", by inserting after paragraph (e) the following new paragraph—

“(f) the Filing Bermuda Constituent Entity may make an annual election to treat all portfolio shareholdings of a Bermuda

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Constituent Entity as short-term portfolio shareholdings, such that all dividends received with respect to portfolio shareholdings during the fiscal year shall be included in the computation of the Bermuda Constituent Entity's taxable income or loss and shall not be treated as excluded dividends;"

- (e) by repealing the definition of "unclaimed accrual" and substituting the following definition—

“ “unclaimed accrual” means any increase in a deferred tax liability recorded in the financial accounts of a constituent entity for a fiscal year that is not expected to be paid within the five subsequent fiscal years and for which the Filing Bermuda Constituent Entity makes an annual election not to include in the deferred tax adjustment of a Bermuda Constituent Entity for such fiscal year;”

- (f) by inserting, in the correct alphabetical order, the following new definition—

“ “matched insurance contract” means a contract issued by an insurance company where amounts arising to the insurance company in respect of securities held by the insurance company result in an economically offsetting change in the amount of the obligations to the holders of the contracts by reason of law, regulation, or the terms of one or more such contracts, and the offsetting amount is also reflected in financial accounting net income or loss;”

Amends section 5

3 Section 5 of the principal Act is amended—

- (a) by deleting the chapeau and substituting “Subject to subsection (2), net taxable income for the fiscal year shall be determined as set forth below—”;
- (b) by inserting the words “for the fiscal year”—
- (i) in paragraph (a), at the end of subparagraphs (i) and (ii);
- (ii) in paragraph (b), at the end of the paragraph;
- (c) in the continuing sentence under paragraph (a), by deleting the word “a” and substituting “the”; and
- (d) by renumbering the provisions of section 5 as subsection (1), and by inserting after subsection (1) the following new subsection—

“(2) Subsection (1) applies except that for fiscal years beginning after the end of the period described in section 6(4)(a), the Filing Bermuda Constituent Entity may elect to reduce, in whole or in part, the taxable loss otherwise described in subsection (1)(a)(ii) above for the fiscal year and an amount

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corresponding to such reduction in the taxable loss shall be added to the amount determined in accordance with section 6(2)(a)(ii) for the fiscal year.”.

Amends section 7

4 Section 7 of the principal Act is amended—

- (a) in subsection (1), by deleting the words “on behalf of all Bermuda Constituent Entity Groups of an In Scope MNE Group”;
- (b) by repealing subsections (2) and (3) and substituting the following—

“(2) The election under subsection (1) is an annual election and may not be made with respect to a Bermuda Constituent Entity Group for a fiscal year unless the election is made with respect to all Bermuda Constituent Entity Groups within the same In Scope MNE Group for the fiscal year.

(3) For purposes of subsection (1), average revenue and average net taxable income or loss shall be the average of the amounts described in subsections (4) and (5), respectively, for the current and the two preceding fiscal years, provided that to the extent—

- (a) none of the Bermuda Constituent Entities of the In Scope MNE Group earned revenue or incurred a taxable loss in the first or second preceding fiscal year, such year or years shall be excluded from the calculation of average revenue and average net taxable income or loss;
- (b) the first or second preceding fiscal year ends prior to the first fiscal year beginning on or after the commencement date in which the In Scope MNE Group meets the requirements of section 11(1), subject to section 13, such year or years shall be excluded from the calculation of average revenue and average net taxable income or loss;
- (c) the current or either of the two preceding fiscal years of a Bermuda Constituent Entity represent a period of less than 12 months then, for purposes of determining average revenue and average net taxable income or loss, the revenue and taxable income or loss of the Bermuda Constituent Entity for such short fiscal year shall be multiplied by the result obtained by dividing 12 by the number of months (or portions of a month) in the short fiscal year; and
- (d) a Bermuda Constituent Entity has joined or left the In Scope MNE Group, only the revenue and taxable income or loss earned during a fiscal year (or portion thereof) in which the Bermuda Constituent Entity was a member of the In Scope MNE Group shall be considered for purposes of determining average revenue and average net taxable income or loss of the In Scope MNE Group.

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(4) For the purposes of subsection 1, the term "revenue" shall mean the amount of revenue included in the determination of financial accounting net income or loss in accordance with section 21 subject to the adjustments described in Parts 5 and 6 for the fiscal year, provided that for purposes of this subsection—

- (a) any adjustments to revenue arising from the application of sections 21(6), 29, 33, or 34 shall be disregarded;
 - (b) any adjustments to revenue arising from the application of section 28(2) shall be determined without regard to paragraph (a) of section 28(2); and
 - (c) with respect to any other adjustments described in Parts 5 or 6, only those adjustments which affect the amount of revenue included in the determination of net taxable income or loss shall be considered.”;
- (c) in subsection (4), by deleting “subsection 3(b)” and substituting “subsection 1(b)”; and
- (d) by renumbering subsections (4) and (5) as subsections (5) and (6).

Amends section 8

5 Section 8(3) of the principal Act is amended—

- (a) in the chapeau, by deleting the words “A Bermuda Constituent Entity” and substituting “A Filing Bermuda Constituent Entity”; and
- (b) in paragraph (a), by deleting the comma after the word “together”.

Amends section 9

6 The principal Act is amended by repealing section 9(3) and substituting the following—

“(3) The Filing Bermuda Constituent Entity—

- (a) may elect to disregard subsection (2)(b) with respect to an entity that is less than 80% owned (by value), directly or indirectly, by the ultimate parent entity of the relevant In Scope MNE Group; and
- (b) shall, for the purposes of paragraph (a), include an entity that would not be treated as a Bermuda Constituent Entity but for the fact that an election will be made pursuant to this subsection or section 10(3) with respect to the entity.”.

Amends section 11

7 Section 11 of the principal Act is amended—

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- (a) in the continuing sentence of subsection (8), by deleting the words “the MNE Group may make” and substituting “the Filing Bermuda Constituent Entity may make”;
- (b) in subsection (9), by repealing paragraph (a) and substituting the following—

“(a) may not be made on behalf of a Bermuda Constituent Entity Group for the fiscal year unless such elections are made by or on behalf of all Bermuda Constituent Entity Groups within the In Scope MNE Group for the fiscal year;”.

Amends section 14

8 Section 14 of the principal Act is amended by inserting, after subsection 3, the following new subsection—

“(3A) A Bermuda Tax Resident Entity shall be regarded as located in Bermuda.”.

Amends section 15

9 Section 15 of the principal Act is amended—

- (a) in subsection (1), in the chapeau, by deleting the word “A” and substituting “Subject to subsection (1A), a”;
- (b) in subsection (1), in paragraphs (a) and (b), by deleting the words “an entity” and substituting “an entity, including an entity”;
- (c) by inserting after subsection (1) the following new subsection—

“(1A) Subsection (1) applies except that, in the case of a Bermuda Tax Resident Entity, the election shall be made by the Filing Bermuda Constituent Entity of the Bermuda Constituent Entity Group which includes the Bermuda Tax Resident Entity and in the case of an entity other than a Bermuda Tax Resident Entity, the election shall be made by the Filing Bermuda Constituent Entity of the Bermuda Constituent Entity Group which includes the Bermuda Constituent Entity which is the holder of the ownership interest in the other entity.”;

- (d) by repealing subsection (5) and substituting the following—

“(5) Companies incorporated under the Companies Act 1981 or formed under the Limited Liability Company Act 2016 which are registered under the Segregated Accounts Companies Act 2000, or segregated cell companies incorporated pursuant to a private act, will be regarded as a single entity which is not fiscally transparent, provided that such a company may make an annual election under this section to treat any segregated accounts within such company as—

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- (a) separate entities; and
- (b) following an election under paragraph (a) may then further elect to treat any given segregated account as fiscally transparent or not fiscally transparent under subsection (1).”;
- (e) in subsection (6)—
 - (i) in the chapeau, by deleting the words “provided that a Bermuda Constituent Entity” and substituting “provided that such a company”;
 - (ii) in paragraph (b), by deleting the words “Bermuda Constituent Entity” and substituting “entity” in both places where the words occur;
- (f) in subsection (7)—
 - (i) by deleting the word “and” and substituting the word “or” after the words “as segregated accounts companies”;
 - (ii) by deleting the words “a Bermuda Constituent Entity may also elect under” and substituting “as the case may be, provided that an election may be made pursuant to”;
- (g) by repealing subsection (9) and substituting the following—

“(9) Subject to subsection (7), an entity, other than a Bermuda Tax Resident Entity—

 - (a) will be regarded as fiscally transparent, if the jurisdiction in which that entity is located treats the entity as fiscally transparent; or
 - (b) in all other cases, will be regarded as not fiscally transparent,

subject in either case to an election under subsection (1).”;
- (h) by repealing subsection (10) and substituting the following—

“(10) Notwithstanding any provision of this Act other than subsection 15(1), the Agency may prescribe entities (whether in Bermuda or in another jurisdiction) that shall be deemed to be fiscally transparent or not fiscally transparent.”.

Inserts new section 15A

10 The principal Act is amended by inserting after section 15 the following new section—

“Changes in Bermuda Constituent Entity Status during a fiscal year

15A (1) To the extent that an entity is treated as a Bermuda Constituent Entity for a portion of the fiscal year, including in those circumstances where the entity only meets—

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- (a) the requirements to be treated as a Bermuda Tax Resident Entity; or
- (b) the requirements of section 9(2)(b) or 10,

for a portion of a fiscal year (but excluding transactions described in section 46(1), then subsections (2) and (3) shall apply.

(2) For the purposes of determining taxable income or loss of an entity described in subsection (1) for the fiscal year—

- (a) the amount described in section 20(a) shall be computed by reference to the net income or loss which would have been determined for the entity if—
 - (i) the profit and loss statement in the consolidated financial statements of the ultimate parent entity; or
 - (ii) in the case of an entity for which an election has been made pursuant to section 21(1)(b), the financial statements prepared in accordance with an approved financial accounting standard,

for the fiscal year had been prepared with respect to the portion of the fiscal year in which the entity was treated as a Bermuda Constituent Entity;

- (b) the adjustments described in Part 6 (other than the adjustments described in paragraphs (c) and (d) of this subsection) and in Part 7, and the allocated foreign taxes described in section 18, shall be computed by reference to the relevant components of the financial accounting net income or loss amount determined in accordance with paragraph (a);
- (c) the adjustments described in sections 28(2)(a), 29 (prior to consideration of the application of section 29(4)), and 33(3) (prior to consideration of the application of section 33(5)) shall be limited to the product of—
 - (i) the adjustment amounts which, notwithstanding this section, would otherwise have been available to the entity pursuant to the Act for the fiscal year; and
 - (ii) the amount determined by dividing—
 - (A) the number of days during the fiscal year when the entity was treated as a Bermuda Constituent Entity, by
 - (B) the total number of days during the fiscal year or, if less, the number of days in which the entity was registered on a register maintained by the Registrar of Companies during the fiscal year, provided that where one or more entities amalgamates or merges, from the effective date

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of the amalgamation or merger (as the case may be) only the amalgamated company or the surviving company (as the case may be) shall be regarded as being registered for the purposes of this subsection; and

- (d) the adjustments described in sections 29(4)) and 33(5)) shall be applied by reference to the amounts described in paragraphs (a), (b), and (c) above.

(3) For the purposes of determining adjusted creditable foreign taxes of an entity described in subsection (1) for the fiscal year, the amounts described in section 17 shall be computed by reference to the current and deferred tax expense or benefit related to creditable foreign taxes which has been accrued in the financial accounting net income or loss determined pursuant to subsection (2)(a), subject to any election made pursuant to subsection (4).

(4) For the purposes of applying subsection (2), the Filing Bermuda Constituent Entity may elect to replace subsection (2)(a) with the following—

- (a) the amount described in section 20(a) shall be the product of—
 - (i) the net income or loss determined for the entity—
 - (A) in preparing the profit and loss statement in the consolidated financial statements of the ultimate parent entity; or
 - (B) in the case of an entity for which an election has been made pursuant to section 21(1)(b), in accordance with an approved financial accounting standard,
 - for the fiscal year; and
 - (ii) the amount determined by dividing—
 - (A) the number of days during the fiscal year when the entity was treated as a Bermuda Constituent Entity; by
 - (B) the total number of days during the fiscal year or, if less, the number of days in which the entity was registered on a register maintained by the Registrar of Companies during the fiscal year, provided that where one or more entities amalgamates or merges, from the effective date of the amalgamation or merger (as the case may be) only the amalgamated company or the surviving company (as the case may be) shall be regarded as being registered for the purposes of this subsection.”.

Amends section 21

11 Section 21 of the principal Act is amended—

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- (a) in subsection (1)(b), by inserting before the first occurrence of the words “Bermuda Constituent Entity” the word “Filing”;
- (b) in subsection (6)—
 - (i) in paragraph (a), by inserting after the words “controlled foreign corporation” the words “during the fiscal year”;
 - (ii) in paragraph (b), by inserting the words “during the fiscal year” at the end of the paragraph;
 - (iii) by deleting the continuing sentence and substituting the following continuing sentence—

“an annual election may be made to reduce the financial accounting net income or loss of the Bermuda Constituent Entity determined in accordance with this section, notwithstanding this subsection, by an amount corresponding to the proportionate ownership interest of the constituent entity-owner, provided an election pursuant to this subsection shall be made by the Filing Bermuda Constituent Entity and may only be made either for the first fiscal year of the Bermuda Constituent Entity which begins on or after 1 January 2025 and prior to 1 January 2026 or for the immediately succeeding fiscal year, or both.”.

Amends section 22

12 Section 22 of the principal Act is amended in subsections (2) and (4) by deleting the words “made by”, in the first line of the subsections, and substituting “made for”.

Amends section 23

13 Section 23 of the principal Act is amended by repealing subsection (2) and substituting the following—

“(2) For purposes only of this subsection, the financial accounting net income or loss of the Bermuda Constituent Entity described in subsection (1) shall be allocated to the owners of the Bermuda Constituent Entity in accordance with their ownership interests, provided that this subsection shall—

- (a) not apply if the Bermuda Constituent Entity is the ultimate parent entity of an In Scope MNE Group;
- (b) not apply with respect to ownership interests in the Bermuda Constituent Entity which are held, either directly or through a tax transparent structure, by the ultimate parent entity, provided that the ultimate parent entity is a flow-through entity;
- (c) not apply to constituent entity-owners of the Bermuda Constituent Entity; and
- (d) only apply to owners that hold their ownership interests in the Bermuda Constituent Entity directly or through a tax transparent structure.”.

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Amends section 26

14 Section 26 of the principal Act is amended by repealing subsection (3) and substituting the following—

“(3) If an election has not been made pursuant to section 33(8) with respect to a Bermuda Constituent Entity, the Filing Bermuda Constituent Entity shall not be eligible to make any election under sections 29 and 34 in respect of the Bermuda Constituent Entity for periods prior to 1 October 2023.”.

Amends section 29

15 Section 29(1) of the principal Act is amended by deleting the words “a Bermuda Constituent Entity may elect to adjust its taxable income or loss” and substituting the words “the Filing Bermuda Constituent Entity may elect to adjust the taxable income or loss of the Bermuda Constituent Entity”.

Amends section 30

16 Section 30(1) of the principal Act is amended by inserting the word “Filing” before the second occurrence of “Bermuda Constituent Entity”.

Amends section 31

17 Section 31 of the principal Act is amended by inserting after subsection (2) the following new subsection—

“(3) An insurance company shall exclude from the computation of taxable income or loss any movements in insurance reserves related to either excluded dividends or excluded equity gains or losses, or both, from securities held in respect of a matched insurance contract.”.

Amends section 33

18 Section 33(8) of the principal Act is amended by deleting the words “A Bermuda Constituent Entity” and substituting “The Filing Bermuda Constituent Entity”.

Amends section 34

19 Section 34 of the principal Act is amended—

- (a) in subsections (1), by inserting the word “Filing” before the second occurrence of the words “Bermuda Constituent Entity”; and
- (b) in subsections (2), by inserting the word “Filing” before the second occurrence of the words “Bermuda Constituent Entity”;
- (c) in subsection (4)(a), by inserting the word “Filing” before the words “Bermuda Constituent Entity”.

Amends section 35

20 Section 35 of the principal Act is amended—

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- (a) in subsection (1), by—
 - (i) inserting after the word “liabilities” the words “of a Bermuda Constituent Entity”;
 - (ii) deleting the words “a Bermuda Constituent Entity may elect” and substituting “the Filing Bermuda Constituent Entity may elect”;
- (b) in subsection (2), by—
 - (i) deleting the words “The electing Bermuda Constituent Entity” and substituting “The Filing Bermuda Constituent Entity”;
 - (ii) deleting the words “which of its assets and liabilities such election shall apply to” and substituting “which assets and liabilities of the Bermuda Constituent Entity such election shall apply to”.

Amends section 37

21 Section 37(4) of the principal Act is amended by inserting the word “Filing” before the words “Bermuda Constituent Entity”.

Amends section 40

22 Section 40 of the principal Act is amended by repealing subsection (1) and substituting the following—

“(1) A Filing Bermuda Constituent Entity may elect to include in the taxable income of a Bermuda Constituent Entity for a fiscal year the change in the fair value during the fiscal year of the Bermuda Constituent Entity’s ownership interests in a constituent entity that is an investment entity or an insurance investment entity.”.

Amends section 41

23 Section 41 of the principal Act is amended—

- (a) by repealing subsection (1) and substituting the following—

“(1) With respect to a Bermuda Constituent Entity that is a constituent entity-owner of an investment entity or an insurance investment entity and that is not itself an investment entity or insurance investment entity, the Filing Bermuda Constituent Entity may elect to apply the provisions of subsection (2) with respect to the Bermuda Constituent Entity’s ownership interest in a constituent entity that is an investment entity or an insurance investment entity.”;

- (b) in subsection (2), in paragraphs (a) and (b)—
 - (i) by deleting the word “electing”;
 - (ii) by inserting after the words “Bermuda Constituent Entity” the words “described in subsection (1)”.

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Amends section 45

24 Section 45(1) of the principal Act is amended in the chapeau by—

- (a) inserting the word “Filing” before the first occurrence of “Bermuda Constituent Entity”; and
- (b) deleting the words “of an In Scope MNE Group”.

Amends section 46

25 Section 46(2) of the principal Act is amended by inserting the word “Filing” before the first occurrence of “Bermuda Constituent Entity”.

Amends section 47

26 Section 47 of the principal Act is amended by deleting the words “publish an official exchange rate” and substituting “publish an official exchange rate for any currency (and any methodology for making any calculation pursuant thereto) by notice in the Official Gazette,”.

Amends section 49

27 Section 49 of the principal Act is amended by repealing subsection (2) and substituting the following—

“(2) Subsection (1) shall be applied without regard to paragraph (a)(i) with respect to a Bermuda Constituent Entity for which an election in accordance with section 33(8) has been made.”.

Amends section 50A

28 Section 50A(1) of the principal Act is amended by deleting the words “be administered by the Accountant-General pursuant to the Public Treasury (Administration and Payments) Act 1969” and substituting “be administered by the Agency and the Accountant-General (either independently or jointly) pursuant to authority delegated by the Minister under the Public Treasury (Administration and Payments) Act 1969”.

Consequential amendment to Corporate Income Tax Agency Act 2024

29 Section 2 of the Corporate Income Tax Agency Act 2024 is amended by inserting in the appropriate alphabetical order the following definition—

“ “officer” in relation to the Agency includes any director or secretary of the Agency;”.

Consequential amendments to Public Treasury (Administration and Payments) Act 1969

30 The Public Treasury (Administration and Payments) Act 1969 is amended by inserting after section 10F the following new section—

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“Minister to administer Tax Refund Reserve Fund and may delegate authority to administer Fund

10G (1) The Minister shall administer and manage the Tax Refund Reserve Fund established pursuant to section 50A of the Corporate Income Tax Act 2023 with the objectives of—

- (a) ensuring that tax receipts paid pursuant to the Corporate Income Tax Act 2023 shall be paid into the Tax Refund Reserve Fund rather than the Consolidated Fund; and
- (b) permitting only such tax receipts to be paid out of the Tax Refund Reserve Fund (including any payments into the Consolidated Fund),

in each case in accordance with regulations made under section 50A of the Corporate Income Tax Act 2023.

(2) The Minister may delegate authority relating to the administration and management of the Tax Refund Reserve Fund, including in respect of payments into and out of the Tax Refund Reserve Fund, to the Corporate Income Tax Agency acting either independently or jointly with the Accountant-General, provided any delegation by the Minister shall be subject to such restrictions as the Minister may from time to time specify in writing.”.

[Assent Date: 29 July 2025]

[Operative Date: 29 July 2025]