

A BILL

entitled

PAYROLL TAX AMENDMENT ACT 2013

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

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

Citation

1 This Act, which amends the Payroll Tax Act 1995, may be cited as the Payroll Tax Amendment Act 2013.

Amends section 9

2 Section 9 of the Payroll Tax Act 1995 is amended by—

(a) in subsection (2)—

(i) deleting the full stop at the end of paragraph (e) and substituting “; or”;  
and

(ii) immediately after paragraph (e) inserting—

“(f) for a two-year period starting when he becomes employed by the employer, provided that—

(i) he has Bermudian status;

(ii) he becomes so employed on a date between 1 April 2013 and 31 March 2015 (both dates included);

(iii) at the time he becomes so employed, he had not been an employee of the employer at any time after 21 February 2013;

(iv) at the time he becomes so employed, the employer is not in arrears with the payment of payroll tax; and

(v) such employment does not involve arrangements that are payroll tax avoidance arrangements.”; and

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(b) immediately after subsection (2) inserting—

“(2A) For the purposes of subsection (2)(f)(v)—

- (a) “arrangements” includes any agreement, scheme or understanding of any kind, whether or not legally enforceable; and
- (b) arrangements are “payroll tax avoidance arrangements” if the main purpose, or one of the main purposes, of the arrangements is not the employment of Bermudians but is the avoidance of liability to payroll tax at the standard rate.”.

Commencement

3 This Act comes into operation on 1 April 2013.

## PAYROLL TAX AMENDMENT BILL 2013

### EXPLANATORY MEMORANDUM

This Bill would amend the Payroll Tax Act 1995 to create a special situation in which, for a period of two years starting when a Bermudian employee begins employment with an employer, the employer is not charged the standard payroll tax rate. The employment must however begin on a date that is between 1 April 2013 and 31 March 2015 (both dates included).

Clause 1 is self-explanatory.

Clause 2 amends section 9 of the Payroll Tax Act 1995 to create a special situation in which an employer is not charged the standard payroll tax rate for a Bermudian employee who begins employment with him on a date that is between 1 April 2013 and 31 March 2015 inclusive. The special situation commences when the employee begins his employment with the employer and ends on the expiration of two years thereafter. The employee is in a special situation in relation to the employer only if: (1) when he begins the employment, he had not been an employee of the employer at any time after 21 February 2013, (2) when he begins the employment, the employer is not in arrears with the payment of payroll tax, and (3) the employment does not involve arrangements that are payroll tax avoidance arrangements, as defined in the new subsection (2A).

Clause 3 provides that this Act comes into operation on 1 April 2013.