

A BILL

entitled

PAYROLL TAX RATES AMENDMENT ACT 2011

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

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

Citation

1 This Act, which amends the Payroll Tax Rates Act 1995 ("the principal Act"), may be cited as the Payroll Tax Rates Amendment Act 2011.

Amends section 3

2 In section 3 of the principal Act, in subsections (1) and (2), delete "16%" and substitute "14%".

Amends section 4

3 In section 4 of the principal Act—

- (a) in subsection (1), delete "9.75%" and substitute "7.75%"; and
- (b) in subsection (2), delete "9.25%" and substitute "7.25%".

Amends section 5

4 In section 5 of the principal Act—

- (a) in Class A, delete "11.75%" and substitute "9.75%";
- (b) in Class B, delete "9.25%" and substitute "7.25%";
- (c) in Class BB—
  - (i) delete "12.75%" and substitute "10.75%"; and
  - (ii) delete "14.75%" and substitute "12.75%"; and
- (d) in Class C, delete "5.75%" and substitute "5.25%".

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Amends section 7

5 In section 7 of the principal Act, delete “5.75%” and substitute “5.25%”.

Commencement

6 This Act comes into operation on 1 April 2011.

## PAYROLL TAX RATES AMENDMENT BILL 2011

### EXPLANATORY MEMORANDUM

This Bill seeks to decrease the rates of payroll tax as set out in the Payroll Tax Rates Act 1995 (“the principal Act”).

Clause 1 is self-explanatory.

Clause 2 amends section 3(1) and (2) of the principal Act so as to decrease the standard rate by two percentage points to 14%.

Clause 3 amends section 4(1) and (2) of the principal Act so as to decrease by two percentage points the rates where employees are in special situations.

Clause 4 amends section 5 of the principal Act to decrease by two percentage points the rates payable by employers falling within Classes A, B and BB, and to decrease by half of one percentage point the rate payable by employers falling within Class C.

Clause 5 amends section 7 of the principal Act to decrease the statutory proportion of tax recoverable from employees from 5.75% to 5.25%.

Clause 6 provides for commencement on 1 April 2011.