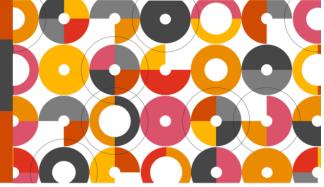
Tax Alert: Bermuda Issues Administrative CIT Regulations

May 2025



In brief:

On May 13, 2025, the Government of Bermuda published the <u>Corporate Income Tax (Administrative) Regulations 2025</u> (the "Regs") which enacts certain compliance obligations under the Bermuda Corporate Income Tax ("CIT"). The Bermuda Government had previously issued three Public Consultations on Bermuda CIT administration with the enacted Regs closely aligning with such previous proposed guidance. The commencement date of the Regs is June 2, 2025.

In detail:

Registration:

• The Filing Bermuda Constituent Entity ("FBCE") must register no later than 10 days prior to payment of any required instalment. All Bermuda Constituent Entities ("BCEs") other than the FBCE must register no later than 90 days prior to the original due date of the first Bermuda CIT return. The form and manner of registration shall be prescribed by the Bermuda Corporate Income Tax Agency (the "Agency"). The Agency is entitled to use information provided to the Bermuda Registrar of Companies as part of the annual filing of returns. See previous Alert on registration via the Annual Return. Of note, the Agency is yet to release the format of the registration process.

Updated Due Dates:

- First instalment (Tax Estimates) Last day of the 8th month of the fiscal year of the Bermuda Constituent Group ("BCG"). As such, August 31, 2025 is the due date for the first estimated tax payment for calendar year taxpayers.
- Amount due: The lesser of 50% of the tax due for the year or 100% of the tax due based on the first 6 months of the
 fiscal year, calculated based on the Bermuda entity's financial statements included in the ultimate parent entity
 ("UPE") consolidated financial statements (subject to any Bermuda CIT elections) and taking into account 50% of
 certain adjustments.
- Second instalment (Tax Estimates) 15th day of the 12th month of the fiscal year of the BCG. As such, December 15, 2025 is the due date for the second estimated tax payment for calendar year taxpayers.
- Amount due: The lesser of 90% of the tax due for the year or 120% of the tax due based on the first 9 months of the fiscal year (reduced by first instalment), calculated based on the Bermuda entity's financial statements (as discussed above) and taking into account 75% of certain adjustments.
- Instalment payments are not required if a BCG's tax for the fiscal year is less than \$10,000.
- Tax return Last day of the 10th month following the end of the fiscal year of the BCG. As such, October 31, 2026 is the due date for the first Bermuda CIT return for calendar year taxpayers.
- Amount due: The total amount due (less instalments) is required to be paid no later than the original due date of the Bermuda CIT return.

Miscellaneous

- Electronic filing and communications The Regs mandate the use of electronic records for most filings and communications for Bermuda CIT purposes. However, the Agency retains its discretion to accept or issue any document in a prescribed form other than electronic form.
- Interest charges for tax underpayments (including tax estimates) The interest rate on underpayments is the sum of 4% and the one-year US dollar risk free spot rate published by the Bermuda Monetary Authority rounded to the nearest 0.5%.
- *Currency* The designated currency for payments related to Bermuda CIT is the US dollar unless the Agency grants consent to pay the liability in Bermuda dollars.

- Amendments to returns A FBCE can amend a filed Bermuda CIT return no later than three years after the original due date of the return.
- Tax enquiries and assessments Enquiries and assessments are to be closed by the later of four years after the original due date of the return or four years after the return was filed (if filed after the due date). If no return was filed or in cases of fraud or intentional misstatement, the assessment period will have no time limit.
- Document Retention BCEs are generally required to keep books and records to support items disclosed on their Bermuda CIT returns for five years after filing the designated tax return.

Suggested Takeaways:

Businesses in Bermuda should familiarize themselves with the CIT and the administrative regulations thereunder and prepare for any upcoming Bermuda CIT obligations including the first estimated payment due as early as August 2025. We note that although the Regs discussed above provide additional guidance on certain compliance aspects, the specific details with respect to the manner of making payments, registration, tax identification numbers and format of Bermuda CIT return are still not prescribed.

Our services:

PwC Bermuda offers consultation and advisory services for all aspects of Bermuda CIT. Our specialists provide insights and recommendations specific to your business needs and will provide a suite of services including application of the law to all companies as well as comprehensive tax compliance assistance.

Contact us:

For further information regarding our services and how we can assist your business in adapting to the new CIT administrative provisions or any CIT related needs, please contact:

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