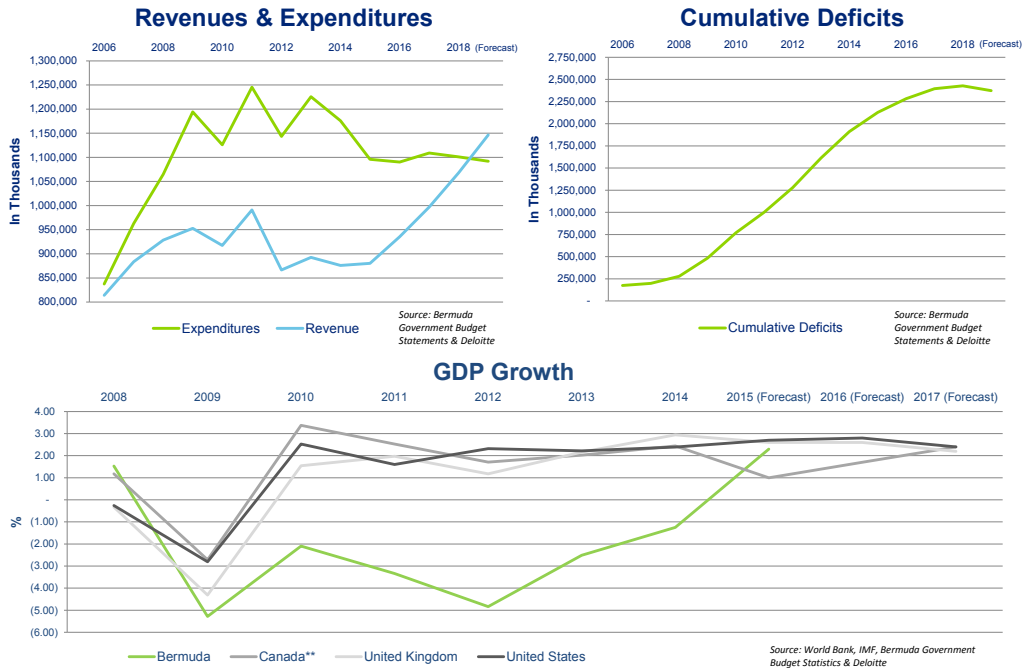


Bermuda Budget 2016 Snapshot

"We will restore your power"

In delivering the 2016 Budget Statement, Minister Richards announced Government's goal to eliminate the deficit in 3 years, extend the recovery and commence repayment of the national debt. Also announced were imminent plans for a comprehensive reform of Bermuda's tax system. These reforms will broaden the tax base and make the overall system more equitable.



Government Budget

- 2016/17 deficit to be \$199 million
- 2016/17 interest on debt of \$189 million
- Current account surplus of \$75 million



Tax

- Payroll Tax increase by 1.0% to 15.5%, with employee maximum share to increase to 6%
- Payroll Tax cap remains unchanged in 2016/17
- Goal of a more progressive Payroll Tax will lead to structural changes in 2017/18
- Application of Payroll Tax to "notional" payrolls to be updated to more reasonable and fair levels
- Mandatory E-filing for all gross annual payrolls in excess of \$1million
- Increase of 1.0% for most other tax rate categories



General Services Tax (GST)

- A new services sales tax of 5% to be levied on most services by service providers to the public
- GST will not be implemented until April 1, 2017 at the earliest
- Exemptions for banking, insurance and health care sectors and small service providers
- Expected to generate approximately \$50 million per year



Customs Duties and Excise Tax

- While currently combined, starting in 2017/18 a separate statute for Excise Tax will be established
- Excise Taxes on alcohol, tobacco and petrol will increase in 2016/17
- In 2016/17, with regards to Custom Duties, a movement towards a single unified tariff



Positive Signs

- Bermuda technically out of recession
- Building permits and planning applications increase year on year
- Anticipated growth of construction job market (airport redevelopment and St. Regis Hotel projects)