

# AS TABLED IN THE HOUSE OF ASSEMBLY

A BILL

entitled

## FINANCIAL SERVICES TAX ACT 2017

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WHEREAS it is expedient to make provision for the imposition of a tax on providers of certain financial services:

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 may be cited as the Financial Services Tax Act 2017.

#### Interpretation

2 In this Act—

“bank” means a bank or deposit company licensed under the Banks and Deposit Companies Act 1999 to carry on deposit-taking business;

“Commissioner” means the person holding the office of Tax Commissioner;

“domestic insurer” means an insurer licensed under the Insurance Act 1978 to carry on domestic business (as defined in that Act);

“financial services provider” means the providers listed in section 3;

“financial services tax” means the financial services tax chargeable under this Act and includes a penalty for late payment of tax;

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“health insurance” has the meaning given in the Health Insurance Act 1970;

“money service business” has the meaning given in the Money Service Business Act 2016;

“tax period” means each and every period of three calendar months commencing with the months of April, May and June 2017.

### Imposition of financial services tax

3 Subject to the provisions of this Act, financial services tax shall be charged on each of the following financial services providers—

- (a) banks;
- (b) domestic insurers;
- (c) money service businesses.

### Rate of financial services tax

4 The rate at which financial services tax shall be charged pursuant to this Act shall be—

- (a) in the case of a bank, 0.005% of its consolidated gross assets as at the end of a tax period;
- (b) in the case of a domestic insurer, 2.5% of gross premiums written in a tax period, excluding premiums relating solely to health insurance and annuities;
- (c) in the case of a money service business, 5% of aggregated incoming and outgoing money transmission volume in a tax period.

### Time for payment of tax

5 Every financial services provider chargeable to financial services tax shall, within thirty days after the end of each tax period—

- (a) submit to the Commissioner a return specifying—
  - (i) in the case of a bank, its consolidated gross assets as at the end of that tax period;
  - (ii) in the case of a domestic insurer, its gross premiums written in that tax period;
  - (iii) in the case of a money service business, the aggregated incoming and outgoing money transmission volume in that tax period; and
- (b) pay to the Commissioner the financial services tax due in respect of that tax period.

### Provider to register with Commissioner

6 (1) A financial services provider shall—

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- (a) within thirty days after the coming into operation of this Act; or
- (b) within thirty days after becoming a financial services provider (if later),

apply to the Commissioner, in such form and manner as the Commissioner shall determine, for registration under this section, and the Commissioner shall register him under this section.

(2) For the purposes of subsection (1), the Commissioner shall establish and maintain, in such manner as he shall determine, a register of financial services providers.

(3) A financial services provider who fails, without reasonable excuse, to comply with subsection (1) is guilty of an offence and liable, on conviction by a court of summary jurisdiction, to a fine not exceeding \$1,000.

### Application of Taxes Management Act 1976

7 The Taxes Management Act 1976 shall apply, with the necessary modifications, to the provisions of this Act.

### Commencement

8 This Act shall come into operation on 1 April 2017.

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### EXPLANATORY MEMORANDUM

This Bill seeks to introduce a new financial services tax, chargeable on providers of certain financial services.

Clause 1 is self-explanatory.

Clause 2 defines expressions used in the Bill.

Clause 3 imposes a liability to financial services tax on banks, domestic insurers and money services businesses.

Clause 4 sets out the rates of tax payable by the different financial services providers: 0.005% of a bank's consolidated gross assets per tax period; 2.5% of a domestic insurer's gross premiums written in a tax period, excluding premiums relating solely to health insurance and annuities; and 5% of the aggregated incoming and outgoing money transmission volume of a money service business in a tax period.

Clause 5 requires financial services providers to file a return and pay the financial services tax within thirty days of the end of a tax period.

Clause 6 subsection (1) requires a financial services provider to register with the Tax Commissioner, failure to do so is an offence under subsection (3). The Commissioner is required by subsection (2) to establish and maintain a register of financial services providers.

Clause 7 applies the provisions of the Taxes Management Act 1976, which sets out the machinery relating to the collection of taxes etc.

Clause 8 provides for commencement.