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CORPORATE INCOME TAX	No income tax, but the following annual statutory and administration fees apply:
Resident companies	- US\$ 685 and US\$ 19,330
Exempt companies	- US\$ 2,095 and US\$ 32,676
<i>Permit Companies</i>	- US\$ 2,095 and US\$ 25,000
OTHER TAXES	
Withholding taxes	None
Hotel occupancy tax	7.25% + 4.5% tourism fund tax
Stamp duty on property transfer	From 2.1% to 7.35%
Stamp duty on a deceased's estate (death tax)	From 0% to 21%
Payroll tax	From 0% to 10.25%
Work permit	BMD 1,015 (annual renewal); BMD 6,510 (five-year renewal)
INCORPORATION	2/5 days Beneficial owner known: same day
REGISTRATION COSTS	US\$ 2,800/3,000 + US\$ 195 (for tax exemption certificate) + US\$ 3,000/6,000 (professional costs)
MINIMUM CAPITAL	US\$ 1.00; US\$ 120,000 for insurance companies
ADVANCE RULINGS	Applied, upon payment of US\$ 195
EXCHANGE CONTROLS	Not applied for offshore transactions
BANK SECRECY	Applied
LEGAL SYSTEM	<i>Common Law</i>
BILATERAL TAX AGREEMENTS	Bahrain, The Seychelles, Qatar and United Arab Emirates. TIEAs with 38 countries

1- GENERAL INFORMATION

Bermuda - an archipelago of over 150 islands and islets - has developed a service infrastructure that has contributed to its reputation as an offshore center (especially in the insurance sector), as well as a tourist paradise.

The islands' sophisticated infrastructure system ensures a high level of professional services and communications support.

I- Legal system

The legal system of Bermuda is based on Common Law, on Equity and on all English legislative acts in force since 1692, acts subject to changes and amendments over the following centuries

II- Currency

The monetary unit is the Bermuda Dollar (BMD), divided into 100 cents, but the US Dollar is accepted.

III- Economic policy

As a consequence of the country's political stability, a rather sophisticated infrastructure has been developed, suitable for attracting investments both in consideration of the offshore characteristics of the state and the tourist facilities offered.

In addition, a large number of insurance companies have recently established themselves in Bermuda, making the Islands the third largest insurance market in the world.

There is no central bank and control is carried out by the Bermuda Monetary Authority, which issues the local currency.

Employees of the Ministry of Finance and the Monetary Authority are required to maintain complete confidentiality, following the provisions contained in the Official Secrets Act.

The stock registers of Bermuda corporations may be subject to inspection, upon payment of a tax. However, anonymity can be guaranteed.

IV- Bank secrecy

The Proceeds of Crime Act 1997 – which came into force on 19 January 1998 - puts into practice the obligations undertaken by the United Kingdom with the Money Laundering Convention signed in Strasbourg in 1990. The Act broadens the scope of the legislation by extending it beyond drug trafficking to cover also illegal activities such as counterfeiting, piracy, extortion, false accounting and forgery, and at the same time expanding the powers of the court regarding the seizure of property.

V- Exchange controls

Exchange controls only apply to transactions in local currency, while international offshore operations remain excluded.

Exempt corporations in Bermuda can open bank accounts anywhere, without restrictions from the state.

2- BERMUDA COMPANIES AND TRUSTS

The legal entities most often incorporated in Bermuda are:

- Companies
- Insurance companies, governed by the *Insurance Act 1978*
- Trusts
- Partnerships.

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Companies</i>	It can issue different types of shares and in any currency. The company's capital can be increased by resolution of the shareholders whose liability is limited to their contribution. The business is conducted by its board of directors.	The application for incorporation must be submitted with the deed of incorporation signed by at least 3 people and must then be delivered to the Registrar of Companies.	It takes 2 to 3 days to register a company in Bermuda. Bank references on economic owners must be presented to the Ministry of Finance.
<i>Foreign corporations</i>	It can conduct activities on the island if in possession of a permit. The seat remains in the original jurisdiction.	It has to file: <ul style="list-style-type: none"> • a statement signed by all directors certifying the fulfillment of tax obligations and towards creditors. In that way, the change in business would not affect the interests of creditors and those of shareholders; • a copy of the notice published in the previous 14 days in local and national newspapers relating to the jurisdictions in which the company conducted its business; • a written statement that the company intends to continue its business in Bermuda; • a formally irrevocable act by which the company and its directors accept the jurisdiction of Bermuda with respect to disputes arising from transactions entered into prior to the transfer of the company. 	
<i>Insurance companies</i>	They have to appoint a resident representative, either an individual or a company.		
<i>Partnerships</i>	Exempt from exchange controls and local ownership requirements		
<i>Trusts</i>	It is created when one person (the settlor) transfers property to another person (the trustee) who holds the legal title to the property for the benefit of a third person (beneficiary).		Governed by the <i>Trustee Act 1975 /1989</i> . Based upon the principles of the <i>Common Law</i> .

I- Companies

The incorporation of a Bermuda company usually takes a maximum of two to three days, but in cases of urgency can be formed in less than a day — the key factor being the quality of information provided by the applicants. The application, in prescribed form, is filed with the Bermuda Monetary Authority together with the prescribed fee. The application form must state the name of the company, the nature of the intended business of the company and the company's proposed registered office, and be accompanied with information on the proposed beneficial owners.

Due diligence. The Bermuda Monetary Authority, before reaching a decision on the application, will conduct background checks on all the ultimate beneficial owners of the proposed company, unless the owners are sufficiently well known for this requirement to be dispensed with. In the case of a public company being the shareholder, audited financial statements only are required.

Incorporation costs. US\$2,800 to US\$3,000 (+ US\$195 if a tax exemption certificate is required). Typical professional costs: US\$2,500 to US\$6,000.

As for annual fees, statutory fees amount US\$2,095 (based on share capital between US\$1 and US\$12,000) and administration fees range from US\$2,500 to US\$6,500 (directors, secretarial and registered office combined).

An exempt company may issue different types of shares in any currency: preferential, shares which carry no voting rights, redeemable preference shares and divide its share capital into shares of a larger par value than that fixed by its incorporating Act or Memorandum of Association. Bearer shares and shares of no par value are not permitted.

Insurance companies are required to have a minimum authorised and issued share capital of at least US\$120,000 (or its equivalent in another currency), all of which must, prior to the company's registration as an insurer, be fully paid in cash or marketable securities.

The capital of a company may be increased or decreased by resolution of the shareholders.

The liability of shareholders is limited to the amount unpaid on the shares held by them.

There are no restrictions as to the nationality or the residence of shareholders of exempt companies and a Bermuda company need only have one shareholder. Shares may be held by another company or through nominees.

A Bermuda company is required to hold an annual general meeting of its shareholders. The meeting can be held anywhere in the world and may be held by conference telephone, but, for fiscal reasons, it is normally held in Bermuda. Shareholders can be represented by proxies.

The business of a company is conducted by its board of directors, who are elected at each annual general meeting of the company.

The shareholders may also elect alternate directors or may authorize the directors to do so. An alternate director has all the rights and powers of a full director except that he or she cannot attend or vote at a meeting other than in the absence of the designated director.

The minutes of the board of directors and a register of directors and officers, which is open to the public for inspection, without charge, must be kept at the registered office.

An exempt company must either have a minimum of two directors resident in Bermuda, a resident director and secretary, or a resident representative and secretary. Where the company is listed on a stock exchange, it need only appoint a resident representative. The minimum quorum for the holding of directors' meetings is two.

A company incorporated outside Bermuda may apply to the Minister of Finance for consent to be continued in Bermuda as an exempted company. The company has to file:

- a statutory declaration signed by all the directors of the company that the company is solvent and can meet all of its liabilities and obligations and that the discontinuance would not adversely affect the interests or rights of bona fide creditors and shareholders
- a copy of a notice published at least 14 days prior to the application in an appointed newspaper and in a national newspaper in each country or jurisdiction within which the company carried on business activities
- an irrevocable deed poll executed by the company and its directors pursuant to which the company and its directors accept the Bermuda jurisdiction in any proceeding arising out of transactions occurred before the migration of the company to Bermuda.

Foreign companies may establish a place of business in Bermuda by obtaining a permit to do so, but the corporate seat remains in its original jurisdiction.

II- Trusts

The Trustee Act 1975 sets out general provisions about trustees, whereas, more specifically, the Trust (Special Provisions) Act 1989 affirm the validity of trusts established by non-Bermudians and to protect such trusts from the legal claims of spouses, dependants, heirs and creditors bringing actions which would or might otherwise be permitted by the rules of private international law under provisions of their local laws, unless Bermuda has corresponding laws or public policy rules.

The Trustee Act 1975, modeled on the English Trustee Act 1925, contains special provisions relating to the rights and duties of trustees. However, given the limited power of the trustee, conferred precisely by this deed, it is customary to expressly include in the articles of association provisions that ensure the trustee greater investment power.

The Trusts (Special Provisions) Act 1989 also allows a trust agreement to provide for the law governing the trust to be changed provided any new governing law recognizes the validity of the trust and the respective interests of the beneficiaries.

English Common Law limits the life of any trust, but by virtue of the Perpetuities and Accumulations Act 2009 the perpetuity period is set at 125 years.

The modern form of trust that is so prevalent today is based on Anglo-Saxon principles of common law and is created when one person, the settlor, transfers property to another person (or entity), the trustee, who holds legal title to the transferred property for the benefit of another person, the beneficiary.

Some settlors may also wish to appoint protectors or councillors who will have the power to change trustees and appoint beneficiaries. If so, this must be provided for in the trust agreement. Bermuda is increasingly interested in attracting international trust arrangements. Accordingly, in 1993 the Ministry of Finance abolished stamp duty on settlements of non-Bermuda property and ad valorem stamp duty payable on the importation into Bermuda of a settlement of non-Bermuda property, provided a local trustee is appointed.

Trusts established by persons who are resident for exchange control purposes will be designated as resident while those established by persons who are non-resident will be granted non-resident designation and may hold assets in any currency other than Bermuda dollars.

Unit trusts and pension trusts may also be established under Bermuda law. Trust deeds will normally provide requirements as to a minimum number of trustees and the appointing of new or additional trustees. The law requires that there be at least two individual trustees (unless the trust deed originally appointed only one trustee), or a licensed trust company.

To be considered a valid trust, the trust deed must identify the beneficiaries by name or by reference to a class or by way of their relationship to a named person (with the exception of a purpose trust referred to in (b) above). Beneficiaries may be added or excluded at a later date as long as this has been provided for in the terms of the trust. A trust deed will normally detail how the trust is to be administered. If this is not the case, general provisions can be found in the Trustee Act 1975.

A trust is governed by the law specified in the trust deed. However, where no applicable law has been chosen, a trust will be governed by the law with which it is most closely connected. To ascertain the law with which a trust is most closely connected, reference will be made in particular to:

- the place of administration of the trust designated by the settlor
- the situs of the assets of the trust
- the place of residence or business of the trustee
- the objects of the trust and the places where they are to be fulfilled.

III- Other Bermuda special entities

Foreign corporations and branches of foreign corporations

Foreign corporations wishing to operate from Bermuda or establish a branch to operate from Bermuda (permit companies) must obtain a permit to do so from the Minister of Finance, supplying similar information to that supplied when incorporating a Bermuda company.

The annual fee payable by a permit company to the Bermuda Government ranges from US\$2,095 to US\$25,000 depending on factors such as the type of business activity and whether the company has a physical presence in Bermuda.

Partnerships

Partnerships may be established in Bermuda. Exempt partnerships, like exempt companies, are exempt from exchange control and local ownership requirements, can transact business from Bermuda and may be established by non-Bermudians. Exempt limited partnerships are increasingly being established in Bermuda for fiscal purposes.

The annual Bermuda Government fee for an exempted partnership is US\$2,350.

Mutual and hedge funds

There is a substantial fund management industry in Bermuda, involving unit trusts, mutual fund companies, segregated accounts companies, umbrella funds and trusts. The first mutual fund was set up in 1958. There are approximately 630 such funds established in Bermuda with assets of approximately US\$145b.

3- TAX SYSTEM

I- Corporation taxes

Bermuda has no income tax, corporation tax, capital gains tax, wealth tax or inheritance tax on income, profits, dividends or wealth. The majority of revenue raised by the Bermuda Government comes from a variety of indirect, mainly consumption-based taxes.

There is no tax return requirement, but an annual return must be submitted to the Registrar of Companies indicating the type of business undertaken by the company, its capital and any share premium, and enclosing the appropriate annual government fee.

An annual fee must be paid by all companies.

Annual fees for resident companies range from US\$685 to US\$19,330, annual fees for exempt companies range from US\$2,095 to US\$32,676 depending on factors such as the amount of authorised capital and the type of business activity. - Annual fees for permit companies range from US\$2,095 to US\$25,000 depending on factors such as the type of business activity and whether the company has a physical presence in Bermuda.

There are no taxes on dividends received or paid in the islands.

II- Other taxes

Import duty

Varying rates of duty are levied on all imports to the Islands.

Hotel occupancy tax

A 7.25% hotel occupancy tax plus a 4.5% tourism fund tax are levied on revenue from hotels and other accommodation.

Motor vehicle licence fee

An annual fee is levied on all vehicles at varying rates determined by the size of the vehicle.

Stamp duty on a deceased's estate

It is payable on Bermuda property at the following rates: 0% on the first BMD 100,000; 5.25% on the next BMD 100,000; 10.5% on the next BMD 800,000; 15.75% on amounts between BMD 1 m and BMD 2 m; 21% on amounts over BMD 2 m.

Shares in an exempt company are not included in the deceased's estate for these purposes.

Work permits

Each foreign employee on the Island requires a work permit, for which a renewal fee is charged. There are a variety of work permit arrangements. The basic fees are currently BMD 1,015 for an annual renewal or BMD 6,510 for a five-year renewal.

Payroll tax

Local employers are subject to the payment of the tax, varying from 0% to 10.25%.

Betting tax

It is levied at a 20% rate.

Land tax

It is imposed annually on all Bermuda properties on a sliding scale basis up to a maximum of 55% on the part of the value of property exceeding BMD 120,000.

Corporate service tax

It is applied on local service providers at the annual rate of 7%.

Property purchase fee

It is imposed on non-Bermudians purchasing property. The rate ranges from 6% of the purchase price for permanent residents to 12.5% for non-permanent residents.

Stamp duty on property transfer

It is applied at rates ranging from 2.1% on the first BMD 100,000 to 7.35% on amounts over BMD 1.5 m.

Financial services tax

It is applied quarterly on providers of financial services, at different rates according to the type of provider.

Dividends

There is no income tax. Thus dividends received by one Bermuda company from another are not subject to tax on either the payer or recipient companies.

Incentives and grants

The only important incentives are that import duties may be waived in full or in part for construction or renovation of hotels. Detailed application should be made to the Government before commencing any project.

III- Advance rulings and anti-avoidance legislation

The Government of Bermuda is empowered to give an assurance to exempt companies, unit trusts and partnerships that any future introduction of taxation on profits or income or on the value of capital assets or gains will not be applied to such entities. These assurances extend for a period ending not later than 31 March 2035. The government fee for this ruling is US\$195. There is no anti-avoidance legislation per se in Bermuda.

4- OFFSHORE COMPANIES

I- General information

The offshore companies may be either exempt companies or overseas companies.

Exempt companies are so called because they are exempt from those provisions of Bermuda law which restrict the portion of share capital which may be held by non-Bermudians. Subject to limited exceptions, exempt companies may not undertake business activities in Bermuda without obtaining a licence. Exempt companies are required to pay an annual fee.

An overseas company is a company that is incorporated outside of Bermuda which may apply for a permit allowing the company to undertake business activities in Bermuda. An overseas company that is granted a permit becomes a "permit company" and may undertake business activities in Bermuda in accordance with the permit. Permit companies are required to pay an annual fee

Offshore companies are limited liability companies and are subject to Bermuda company law and practice relating to such companies. For example, offshore companies must file an annual return advising the type of business undertaken when they pay their annual fee.

A Bermuda company is required to have a minimum of two directors who can be resident anywhere. If neither director is resident in Bermuda, it may appoint a resident representative ordinarily resident in Bermuda. Directors' meetings may be held anywhere in the world, and may be held by telephone conference.

Management and control are generally exercised in Bermuda for fiscal reasons.

They do not attract any taxation in Bermuda and no exchange control restrictions apply.

Bermuda offshore companies are used for a broad range of purposes by many international investors, such as holding, finance companies or insurance companies.

II- Offshore finance companies

Finance companies raise money from the public by the issue of notes, bonds or other securities and therefore also pay the higher government fee (US\$4,335). As the issue of securities requires the approval of the Bermuda Monetary Authority, it is necessary to submit in advance the prospectus and related documentation pertaining to the proposed issue.

III- Offshore insurance companies

There are approximately 950 exempt Bermuda insurance companies.

In general terms these companies have higher minimum share capital requirements, pay higher annual government fees and must maintain certain minimum ratios to maintain their licences.

These companies are used to write a variety of insurance risks, but they are mainly utilised as "captive" insurance companies, which are those owned or controlled by a single group whose

risks are insured by the captive, and “group captives”, which insure the risks of a group of persons, corporations or partnerships who have joined together for mutual insurance purposes.

IV- Offshore licensing companies

A Bermuda exempt company may be used to hold patents, copyrights, trade marks, etc., which can be registered in Bermuda for exploitation worldwide.

V- Offshore trading companies

A large number of Bermuda exempt companies are offshore trading companies, often trading throughout the world either directly or through branches or overseas subsidiaries, but are unable to trade on the Islands.

A foreign company can apply for a permit to establish a place of business in Bermuda from which branch operation it can trade on a worldwide basis.

VI- Offshore shipping and air transport companies

Hamilton, in Bermuda, is a British Registry port.

An exempted company may register wholly owned vessels in Hamilton, provided its principal place of business is in Bermuda or elsewhere in Her Majesty’s Dominions and may also register wholly owned aircraft in Bermuda.

VII- Offshore real estate companies

Exempt and non-resident companies may purchase and hold real property anywhere in the world, subject to local laws, except in Bermuda.

VIII- Mutual funds

These can be formed in Bermuda, using the vehicle of an “open-ended” company, ie a company which is empowered, subject to certain restrictions, to buy and sell its own ordinary shares at their net asset value. As the shares in such companies are normally offered to the public, the proposed prospectus or explanatory memorandum and all other pertinent details, eg as to the custodian, registrar and transfer agent, managers, etc, must be approved by the Bermuda Monetary Authority before the company can be formed.

Mutual fund companies can be formed by registration and pay a minimum annual fee of US\$2,095.

5- BILATERAL TAX AGREEMENTS

There is no withholding tax on non-residents for income arising in Bermuda. Bahrain, The Seychelles, Qatar and the United Arab Emirates are the only countries with which Bermuda currently has effective full tax treaties.

The only exception is the Taxation Convention with the United States, which in general terms exempts Bermudian insurance companies from US franchise taxes on premium remittances from the United States to Bermuda and permits US companies to hold conventions in Bermuda, the costs of which are then deductible in the United States for tax purposes. The treaty also provides for an exchange of information, when requested, subject to certain criteria.

Bermuda has signed the following TIEAs based on the OECD model convention: Argentina, Aruba, Australia, Belgium, Brazil, Canada, Chile, China, Czech Republic, Denmark, Faroe Islands, Finland, France, Germany, Greece, Greenland, Guernsey, Iceland, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Malaysia, Malta, Mexico, Netherlands, Netherlands Antilles (Curaçao), New Zealand, Norway, Poland, Portugal, Singapore, South Africa, South Korea, Sweden, Turkey, United Kingdom.