



Ministerial Statement

By:

The Hon. E. David Burt, JP, MP

Premier and Minister of Finance

Update on the Tax Reform Commission

Wednesday, March 6th, 2024

Mr Speaker, I rise to provide an update to this Honourable House on the ongoing work of the Tax Reform Commission.

Under the Tax Reform Commission Act 2017, the Tax Reform Commission is tasked with examining Bermuda's tax system and advising the Government of any measures to advance Bermuda's system of taxation and revenue collection.

Since the update given to this Honourable House last year, Terms of Reference have been agreed upon by myself as Minister of Finance and the chairman, Mr Darren Johnston. These Terms of Reference – supported by commissioners - include the mandate, principles and a realistic deliverable deadline.

Mr Speaker, the mandate agreed requires the Tax Reform Commission to incorporate potential revenues that may accrue to the Government of Bermuda due to the implementation of the Corporate Income Tax Act 2023 and to make policy recommendations to the Government for the establishment of a revised Bermuda tax system.

These recommendations of a revised tax system must achieve the following:

1. To complement the CIT by making recommendations on how Qualified Refundable Tax Credits, and other permissible tax reductions or incentives might be implemented to ensure that CIT payers continue to contribute to and find Bermuda to be a fiscally attractive jurisdiction;
2. To revise the tax system to enhance Bermuda's competitiveness from local and international perspectives;
3. To reduce the impact of taxes on the cost of living in Bermuda and to consider how earners below a threshold of income might benefit from reduced taxes;
4. To broaden and balance the tax base, reduce the variability of revenues given the CIT, and consider alternate forms of taxes;
5. To consider how the Government's revenue and reserves management can be improved, and to recommend appropriate legislative or constitutional guardrails and/or policies to engage and build trust with stakeholders to support the design and acceptance of the TRC policy recommendations.

Mr Speaker, the Commission also upholds principles that will guide its work in making recommendations. These principles include:

1. appropriate government revenues;
2. competitiveness;
3. equity and fairness; and
4. simplicity.

The complete recommendations and findings that address the extensive mandate are due to be completed by the end of October, 2024.

Mr Speaker, the Tax Reform Commission recognizes the importance to be focused, leverage skills and work collaboratively. This is being achieved by separating work streams and allocating members to specific principles set out in its Terms of Reference.

The three (3) main Workstreams include: i) Competitiveness; ii) Equity & Fairness; and iii) Stakeholder Engagement and Consultation.

The goal of Workstream #1 is to recommend a fair and sustainable framework for generation of tax and other revenues derived from businesses in Bermuda, within the wider objectives of the Commission.

The workplan objectives for this workstream includes enhancing Bermuda's global competitiveness by focusing on two main areas:

1. Develop a business tax framework that is both attractive to businesses and compliant with OECD requirements.
2. Evaluate financial and other incentives that may improve Bermuda's competitiveness as a business location. This Workstream will consider the impact of regulatory, service and cost of living issues on costs and business conditions in Bermuda.

Mr Speaker, the workplan for Workstream 2 includes enhancing equity and fairness in Bermuda's tax system through a comprehensive analysis of revenue sources. The scope includes developing proposals for a balanced tax base, review of existing domestic taxes, such as customs duties, land tax, company registration taxes and stamp duty, to name a few, with a view to reduce the cost-of-living for the typical Bermudian resident.

The work plan for Workstream 3 includes Stakeholder Engagement and Consultation. The scope includes facilitating meaningful dialogue and collaboration with key stakeholders, including government agencies, businesses, industry associations, advocacy groups, and the public.

By soliciting input, feedback, and insights from a diverse range of perspectives, the Commission aims to ensure that proposed tax reforms reflect the needs, concerns, and aspirations of Bermuda's various stakeholders.

Mr Speaker, when I announced the commissioners last years, I noted that there was yet a member to be named. I'm pleased to share with this Honourable House that I have appointed Dr. Claudette Fleming to serve as a Tax Reform Commissioner.

Dr Fleming holds a PhD in Diplomacy/Political Economy, a Master's and Bachelor's degree in Social Work. She also has a Bachelor of Arts degree in Sociology and is an APMG certified Strategic Implementation Professional.

Dr Fleming spent 22 years of her professional career building Age Concern into one of the most impactful charitable organisations in Bermuda. During her 22 year tenure as Executive Director at Age Concern, she worked collaboratively with many public and private sector stakeholders, influencing several significant public policies and legislation. She led the oversight of several co-collaborative public sector research and task force initiatives inclusive of the first draft of the 'Ageing Well Bermuda Plan', the 'Paratransit Initiative', and the 'Seniors Test for Ageing Trends & Services'.

Dr Fleming has also been a member of several government and nonprofit boards and committees and will lend her voice based on her experience to ensure that the needs of the third sector and our ageing population are duly considered by the Tax Reform Commission.

Mr Speaker, I know that all Honourable members welcome the appointment of Dr Fleming and will join me in thanking all commissioners for agreeing to serve Bermuda.

Thank you, Mr Speaker.

– **Ends** –