

**APPLEBY eALERT**

Bermuda Extends Assurance of Tax Neutrality

The Bermuda Government has announced its intention to extend to 2035 the period of time for which the Ministry of Finance may grant an assurance to international businesses that are identified as exempted undertakings (see below) that they will be exempt from certain tax liabilities in Bermuda. The announcement was made as part of the 2010 Speech from the Throne, given in November and delivered by His Excellency Sir Richard Gozney KCMG, CVO, Governor of Bermuda.

The current legislation, the Exempted Undertakings Tax Protection Act 1996 (the “Act”) and related regulations, currently provide for assurances to be granted to exempted undertakings (as that term is defined in the Act) by the Ministry of Finance exempting such undertakings from the imposition of tax under any applicable Bermuda law computed on profits or income or computed on any capital asset, gain or appreciation, or on any tax in the nature of estate, duty or inheritance tax, up to 28 March 2016, provided that such exemption shall not prevent the application of any such tax or duty to such persons as are ordinarily resident in Bermuda and shall not prevent the application of any tax payable in accordance with the provisions of the Land Tax Act, 1967 or otherwise payable in relation to land in Bermuda leased to the exempted undertaking.

The proposed extension is a positive and proactive step in reinforcing the Government’s commitment to international business in Bermuda. By confirming that an extension will be granted, the Government has provided certainty in relation to an important and attractive financial benefit for international business in Bermuda. Although details are yet to be provided in relation to how the extension will be introduced, it is understood that further details will be forthcoming in early 2011.

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