BERMUDA

EXEMPTED COMPANY LIMITED BY SHARES

CLIENT GUIDE 2026

International company formation, corporate tax position and annual compliance

Professional company formation and ongoing corporate administration

BRIS GR LIMITED | 66 Paul Street, London EC2A 4NA, United Kingdom

general.info@bris-group.com | +44 207 206 2487 | +44 775 479 5814 | bris-group.com

Bermuda Exempted Company at a Glance

A Bermuda **exempted company** is the principal Companies Act 1981 vehicle used by non-Bermudian owners to conduct business predominantly outside Bermuda. It is exempt from the statutory requirement that at least 60% of the equity of a local company be beneficially owned by Bermudians.

Topic	Current legal / practical position
Company law	Companies Act 1981, as amended.
Ownership	Single-shareholder companies are permitted. Exempted-company status is designed for non-Bermudian ownership and international business.
Liability	A company limited by shares provides separate legal personality and limited shareholder liability.
Registered office	A registered office in Bermuda is required.
Formation support	Government guidance states that formation requires assistance from a Bermuda law firm, accounting firm or corporate service provider.
Local business	An exempted company is principally for business outside Bermuda. Carrying on business in Bermuda generally requires specific statutory permission/licensing.
Corporate income tax	For most ordinary companies outside the Pillar Two scope, Bermuda does **not impose a general corporate income tax on profits**.
Pillar Two CIT	From 1 January 2025, Bermuda imposes **15% corporate income tax** on Bermuda businesses of in-scope multinational groups, broadly groups with consolidated revenue of at least EUR 750m in at least two of the preceding four fiscal years.
Payroll tax	Bermuda businesses with employees/remuneration can be subject to payroll tax. For 2026/27, exempt undertakings have a **9.75% employer portion**, subject to reliefs, plus the applicable employee portion.

The Key Tax Distinction in 2026

0% for many ordinary Bermuda companies - but not for in-scope large MNE groups

Bermuda historically had no general corporate income tax. That remains commercially relevant for companies **outside the scope of Bermuda's Corporate Income Tax Act 2023**. However, from 1 January 2025 Bermuda introduced a **15% CIT** for Bermuda entities/permanent establishments that are part of an in-scope multinational enterprise group under the OECD Pillar Two revenue test.

Accordingly, Bermuda should no longer be described simply as '0% corporate tax' without qualification. For a typical privately owned international company below the EUR 750 million group threshold, there is generally no Bermuda corporate income tax on ordinary profits; for an in-scope multinational group, the 15% CIT regime must be analysed.

Key Benefits for International Clients

- Established international business and financial-services jurisdiction.
- Exempted company specifically designed for non-Bermudian ownership and overseas business.
- No general corporate income tax for ordinary companies outside the Pillar Two CIT scope.
- Single shareholder company permitted.
- Flexible Companies Act corporate structure.
- Strong professional-services, insurance, reinsurance, funds and capital-markets ecosystem.
- Well-developed economic substance, beneficial ownership and regulatory framework.
- No VAT or general sales tax regime comparable to UK/EU VAT.

Shareholders, Directors & Corporate Administration

Topic	Current legal / practical position
Shareholder	One or more shareholders; single-shareholder company expressly permitted.
Directors / officers	Directors, officers and company secretary are selected as part of the incorporation process and must satisfy the Companies Act and any applicable residency/representation requirements.
Registered office	Must be maintained in Bermuda.
Corporate service provider	A Bermuda CSP/law/accounting firm handles incorporation, registered office and ongoing statutory administration.
Beneficial ownership	Proposed beneficial owners are disclosed and vetted during formation; beneficial-ownership records/reporting must be maintained under Bermuda law.
Business restrictions	Regulated sectors such as insurance, banking, funds, investment business and digital assets require separate BMA licensing/registration.

Share Capital & Government Fees

Bermuda companies may structure share capital through the memorandum and bye-laws. Government fees are partly linked to assessable capital. The current published Registrar fee schedule includes **$100 for name reservation**, **$340 for considering the section 6 registration application** and **$100 for registering the memorandum of association**. Annual government fees are additional and depend on assessable capital and the company's status.

Annual cost is not a flat low-fee model

Bermuda exempted companies pay annual Registrar/government fees and professional registered-office/CSP charges. The annual government fee is capital-banded, so a tailored quotation should be prepared after the proposed authorised/assessable capital is known.

Corporate Income Tax - Ordinary Companies

For an ordinary Bermuda exempted company that is **not within the Corporate Income Tax Act's in-scope multinational-group rules**, Bermuda does not impose a general corporate income tax on ordinary business profits. This is a genuine tax advantage and is not merely a foreign-source exemption.

15% Corporate Income Tax - Large MNE Groups

The Government of Bermuda confirms that the Corporate Income Tax Act applies a **15% corporate income tax** to Bermuda businesses within multinational enterprise groups that fall within the OECD GloBE/Pillar Two scope. The revenue threshold is broadly **EUR 750 million or more** in at least two of the previous four fiscal years. The regime is administered by the Bermuda Corporate Income Tax Agency.

No Blanket 'Offshore 0%' Statement

The correct BRIS positioning is therefore: **0% general corporate income tax for many ordinary Bermuda companies outside the Pillar Two scope, but 15% CIT for qualifying in-scope multinational groups.** Foreign taxes can still arise where the company is managed, operates, owns assets or has a permanent establishment elsewhere, and shareholder countries may apply CFC or anti-avoidance rules.

Payroll Tax - 2026/27

Bermuda does not use personal income tax in the conventional form, but employers are subject to payroll tax. From 1 April 2026, the Government's published employer rate for **all exempt undertakings is 9.75%**. Employee portions use progressive bands from 0.25% to 12.5%, with taxable remuneration capped at $1,000,000 per person. Reliefs can apply, including the 2026 New Hire Relief.

VAT / Sales Tax

Bermuda does not operate a general VAT/GST system comparable with the UK or EU. Other transaction, customs, payroll, stamp, foreign-currency and sector-specific taxes may apply depending on the company's activities.

Documents Required from the Client

• Passport / acceptable identification for shareholders, directors, officers and ultimate beneficial owners.

• Recent proof of residential address.

• For corporate shareholders: certificate/extract, constitutional documents, directors and full ownership chain.

• Proposed company name and detailed principal business.

• Proposed share capital, shareholders and corporate governance.

• Expected countries of operation, customers/suppliers, turnover and transaction profile.

• Confirmation whether the company/group could fall within the EUR 750m Pillar Two threshold.

• Source-of-funds and, where appropriate, source-of-wealth evidence.

• Regulatory/licensing information where the proposed activity is insurance, funds, investment, digital assets or another regulated business.

• Certified documents, apostilles/legalisation and professional references where required by the Bermuda CSP.

Formation Process

1. Structure/tax/regulatory review **2.** KYC/UBO vetting **3.** Name reservation **4.** Memorandum/bye-laws, registered office and governance **5.** Registrar incorporation **6.** Tax, banking, substance and ongoing compliance

The Bermuda Government states that the local professional provider assists with name reservation, disclosure/vetting of proposed beneficial owners, memorandum and bye-laws, licensing where required, registered office, directors/officers/company secretary and payment of government fees.

Economic Substance

Bermuda's Economic Substance Act applies to registered entities carrying on one or more **relevant activities**, including banking, insurance, fund management, financing/leasing, headquarters, shipping, distribution/service-centre, intellectual property and holding-entity business. Where full requirements apply, the entity must demonstrate adequate Bermuda substance appropriate to the relevant activity.

Annual Declaration

Companies and other registered entities must inform the Registrar annually whether they carry on a relevant activity and identify the activity. Exempted companies therefore have an annual Registrar declaration/fee obligation in addition to any economic-substance declaration/reporting that applies to their actual activities.

Accounting Records & Financial Statements

Bermuda companies must maintain proper accounting records and corporate records sufficient to show and explain their transactions and financial position. The exact audit, financial-statement and filing requirements depend on the company's status, regulation, activities and exemptions. Regulated entities have additional BMA reporting obligations.

Beneficial Ownership

Beneficial-owner disclosure and vetting form part of the incorporation and ongoing compliance framework. Bermuda has continued modernising its beneficial-ownership register and transparency regime. The Bermuda CSP should confirm the current 2026 filing/access rules and ensure changes in ownership/control are reported within the statutory time limits.

Economic substance is separate from corporate income tax

A company may have no Bermuda corporate income tax because it is outside the Pillar Two CIT scope, yet still be subject to economic-substance, annual declaration, payroll, beneficial-ownership, accounting and regulatory obligations.

Annual Compliance Checklist

- Maintain Bermuda registered office and local corporate service provider.
- Maintain current directors, officers, shareholders and statutory registers.
- Maintain and update beneficial-owner information.
- Submit annual declaration and pay the applicable annual government fee.
- Identify whether the company conducts any Economic Substance 'Relevant Activity'.
- File economic-substance information/declaration where required.
- Maintain proper accounting books, records and financial information.
- Review whether the group has entered the EUR 750m Pillar Two/CIT scope.
- Complete Bermuda CIT registration/filing where in scope.
- Register/file payroll tax where the company has taxable remuneration/employees.
- Review licences and BMA reporting for regulated activities.
- Maintain bank/CSP AML/KYC and evidence of genuine commercial activity.

Banking & Operational Setup

A Bermuda exempted company may seek banking in Bermuda or internationally, subject to provider policy. Banks and CSPs typically require incorporation records, shareholders/directors/UBOs, source of funds/wealth, business plan, contracts, expected turnover and jurisdictions of activity. Regulated and higher-risk activities receive enhanced review.

Why Bermuda Can Be Attractive

Topic	Current legal / practical position
0% ordinary CIT	No general corporate income tax for many ordinary companies outside Pillar Two scope.
15% only for in-scope MNEs	Corporate Income Tax targets large groups meeting the OECD/GloBE revenue threshold.
International vehicle	Exempted company specifically designed for non-Bermudian ownership and overseas business.
Financial centre	Deep insurance, reinsurance, funds and professional-services infrastructure.
Flexible company law	Single shareholder and established Companies Act framework.
Substance framework	Recognised economic-substance and transparency regime for international business.

How BRIS Group Supports You

Structure & tax review - Assess whether a Bermuda exempted company is appropriate and whether the proposed group could fall within the 15% Corporate Income Tax/Pillar Two scope.

Formation coordination - Coordinate name reservation, memorandum/bye-laws and incorporation through a Bermuda professional corporate service provider.

Registered office / CSP - Coordinate Bermuda registered-office and ongoing corporate administration through the local provider.

KYC / UBO - Coordinate shareholder, director, officer, beneficial-owner and source-of-funds/wealth due diligence.

Economic substance - Identify relevant activities and coordinate Bermuda substance analysis and annual reporting.

Tax / payroll - Coordinate Bermuda CIT analysis where in scope and payroll-tax support where applicable.

Regulatory review - Coordinate specialist licensing advice for insurance, funds, investment, digital assets and other regulated activities.

Banking & compliance - Prepare corporate/KYC documentation and coordinate banking and annual compliance support.

Professional Fees & Quotations

Tailored quotation

This brochure is an informational guide to Bermuda exempted-company formation and maintenance and is not a fee quotation. BRIS Group professional fees, Bermuda CSP/registered-office charges, government fees, economic-substance work, accounting/tax, regulatory, banking and other optional services are quoted separately according to the structure and required work.

Important Legal Notes & Official Sources

This brochure is a general commercial guide and does not constitute Bermuda or foreign legal, tax, accounting, regulatory or investment advice. **Bermuda's tax position changed materially from 1 January 2025.** It is no longer accurate to state simply that every Bermuda company has 0% corporate tax. Ordinary companies outside the Pillar Two scope generally remain without a Bermuda corporate income tax, while in-scope multinational groups are subject to Bermuda's 15% CIT regime.

Primary official/legal sources reviewed: Government of Bermuda / Registrar of Companies - Limited Companies guidance, Companies Act 1981, current published Registrar government-fee schedule and annual-declaration requirements; Bermuda Corporate Income Tax Agency / Government CIT materials - Corporate Income Tax Act framework and 15% Pillar Two regime; Government of Bermuda Office of the Tax Commissioner - 2026/27 payroll-tax rates; and Government Economic Substance legislation/guidance.

Information reviewed: August 2026. Annual government fees, beneficial-ownership procedures, economic-substance classification, payroll relief, regulated-business permissions and Corporate Income Tax scope should be reconfirmed for the client's actual facts before incorporation or transactions.

PREPARED BY BRIS GROUP

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Professional incorporation and corporate administration for international clients.