



BERMUDA – February 2022

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WHAT PROPERTY TAX WILL I PAY ON A BERMUDA HOME?

The British Territory charges a stamp duty and a land tax

Bermuda is a tax-friendly destination for individuals, not charging income, capital gains or inheritance taxes.

However, home buyers pay a stamp duty, or transfer tax, when buying a property on the island, a British island territory located in the North Atlantic Ocean and known for pink-sand beaches. In addition, there is a land tax on residences.

Both levies are progressive, meaning the more valuable the property, the higher the tax rate.

There are five rate bands for stamp duty, starting at 2% of the first B\$100,000 (US\$100,000) of the residence, according to the Government of Bermuda website. Buyers pay 3% on the next B\$400,000, up to B\$500,000; 4% on the cost between B\$501,000 and B\$1 million; 6% on the amount up to B\$1.5 million; and 7% on the amount over B\$1.5 million.

Land tax is due twice a year, and the bill is calculated by the Office of the Tax Commissioner. It is based on the annual rental value of a residence (ARV), or how much rent it would demand if offered unfurnished on the open market.

The Land tax starts at B\$300 for homes with an ARV of up to B\$22,000, according to the government. There are seven additional rate bands, starting with a 0.8% charge on the B\$11,000 above the initial B\$22,000 and rising in B\$10,000 increments. The highest band is a 50% charge on residences with an ARV of more than B\$120,000.

International Property Tax Institute

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Keep in mind that the ARV and the market price are not the same.

For example, a 4.65-acre compound outside Bermuda's prestigious Tucker's Town is currently being marketed for B\$15 million, according to the listing with Rego Sotheby's International Realty.

The same property has an ARV of B\$246,000, according to Bermuda's Department of Land Valuation.

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