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Information for International Businesses In Bermuda

Bermuda

Situated in the mid-Atlantic Ocean, 750 miles east of New York City; 3,350 miles from London, England; population about 63,400.

Capital City

Hamilton

Language

English

Time Zone

New York + 1 hour

Communications

Excellent: Telephone, facsimile, internet and email.

Accessibility Routes

Excellent: direct flight to most Eastern cities of the United States (New York, Boston, Washington D.C., Philadelphia, Charlotte, Atlanta) and Canada (Toronto and Halifax) and the U.K. (London).

Legal System

British: English common law applies including, the doctrines of equity and all English Acts of general application which were in force on 11 July 1612 subject to acts passed in Bermuda since that date repealing, modifying, or amending those pre-1612 statutes or the common law.

Judicial Structure

The Courts in Bermuda consist of a Magistrate's Court, a Supreme Court, and a Court of Appeal, with a final appeal to the Judicial Committee of the Privy Council.

Political System

Very stable: Bermuda, a self-governing dependent territory of the U.K., is a Parliamentary Democracy based upon the Bermuda Constitution which became effective on 8 June 1968 and provides for internal self-government through an elected Parliament and appointed Senate with responsibility for external affairs, and internal security remaining in the control of the U.K. Government (in the person of the Governor). Became an associate member of the OECD in April 1990.

Common Corporate Vehicles

Limited liability companies both privately-held and publicly traded; and permit companies (i.e., branches of foreign corporations).

Other Business Vehicles

Exempted limited and general partnerships; unit trusts; and discretionary trusts and settlements.

Normal Time to Form Company or Partnership

Approximately seven to ten days

Currency

United States dollars widely circulated; Bermuda dollars (on par with U.S. dollars) for residents only.

Exchange Controls

Non: non-residents (including exempted companies, partnerships and trusts) can operate their business dealings in any foreign currency other than Bermuda dollars, free from any exchange control restrictions.

Major Banks

The three banks in Bermuda are: The Bank of Bermuda Limited, The Bank of N.T. Butterfield & Son Ltd. and The Bermuda Commercial Bank; all locally owned; All banking services available; accounts can be maintained in any foreign currency.

Bank Confidentiality

Very strict: English common law rule of confidentiality prevails; See U.S.A./Bermuda Tax Treaty for mutual assistance in certain tax matters.

Capital Requirements

Yes:

- (i) Ordinary Company: A minimum of US\$12,000 or its equivalent in another foreign currency; if not fully paid, the shareholders are liable for the unpaid capital.
- (ii) Insurance Company: A minimum of US\$120,000 fully paid-up, if writing general business or US\$250,000 fully paid-up if writing long-term business; or US\$370,000 if writing both.
- (iii) Partnerships: A minimum of US\$12,000 or its equivalent in another currency. Partnership capital may include assets other than cash.

Taxes and Duties

- (a) Withholding taxes: No
- (b) Capital Gain Taxes: No
- (c) Income Taxes: No
- (d) Death Duties: No
- (e) Stamp Duties: No: as of 1 April 1990, stamp duty was eradicated on all instruments executed by or on behalf of international businesses.

Tax Convention

USA/Bermuda Tax Convention - special provisions on U.S. excise tax relating to premium from a U.S. source paid to Bermuda Insurers; Bermuda approved for foreign sales corporations of U.S. manufacturers, distributors and retailers; and mutual assistance on U.S. tax matters.

Officers and Directors

It is also a requirement of Bermuda law that an exempted company incorporated in Bermuda shall have:-

- (a) a minimum of two directors, other than alternate directors, ordinarily resident in Bermuda; or
- (b) a secretary who is ordinarily resident in Bermuda and a director, other than an alternate director, who is ordinarily resident in Bermuda; or
- (c) a secretary who is ordinarily resident in Bermuda and a resident representative; or
- (d) in the case of a company the shares of which are listed on an appointed stock exchange, have a resident representative.

President and Vice President or Chairman and Deputy Chairman must be directors; Secretary need not be a director.

A Resident Representative shall be an individual ordinarily resident in Bermuda.

The provision of Directors, the Company Secretary and Resident Representative as well as the provision of the Company's registered office can be provided by a service company owned by the partners of the law firm. Payment for such services will be charged to the annual Corporate Administration Fee.

Meeting requirements

Yes: Annual General Meeting required every year, Telephonic Board meetings permitted.

Shareholders

- (a) Nationality Requirement: No
- (b) Government Screening: Yes: Beneficial owners must submit bank references or Annual Reports for Bermuda Monetary Authority. References are held in strict confidence by BMA.
- (c) Proxies: Only other shareholders may act as a proxy unless a mutual fund or exempted by Private Act.
- (d) Corporate Representative: Need not be a shareholder.
- (e) Nominative Shares: Yes: shares must have a par value.
- (f) Bearer Shares Available: No

Registered Office Required

Yes: Share Register, Register of directors/officers, minute book and company seal kept at registered office in Bermuda. Both Registers are open for public inspection at the registered office.

Must Company Publish Accounts

No: only annual declaration on assessable capital, directors and registered office filed with Registrar of Companies with payment of annual fee.

Local Auditor

Yes: auditor is appointed at Annual General Meeting; annual audit may be waived upon consent of all shareholders and directors.

Redomiciliation

Yes: redomiciliation of companies is permitted in general company law. Bermuda trusts can contain clause authorizing transfer of trust to another jurisdiction.

Stock Exchange

Yes: The Bermuda Exchange; In addition, the Minister of Finance has approved a number of foreign Appointed Stock Exchanges and Competent Regulatory Authorities for listing of Bermuda-based securities.

Relevant Legislation

- (i) The Companies Act, 1981 (as amended)
- (ii) The Insurance Act 1978 and Related Regulations (as amended)
- (iii) The Exempted Partnership Acts of 1958 and 1990
- (iv) The Limited Partnership Acts of 1883 and 1990
- (v) The Exempted Undertakings Tax Protection Act, 1966 (as amended)
- (vi) The Bermuda Monetary Authority Act, 1969 (as amended)
- (vii) The Trustee Act, 1975 (as amended)
- (viii) The Investment Business Act 1998
- (ix) The Bank and Deposit Companies Act 1999
- (x) The Trust (Regulations of Trust Business) Act 2001

Regulators

- (i) The Minister of Finance
- (ii) The Bermuda Monetary Authority
- (iii) The Registrar of Companies
- (iv) The Registrar of Shipping
- (v) The Registrar of Aircraft

Intellectual Property

The U.K. Copyright Act 1956 applies to Bermuda with certain minor modifications. Patent law and trade mark law similar to U.K. law.

Freeport Concept

The Government of Bermuda will grant licenses to foreign manufacturers to manufacture goods in Bermuda through a Bermuda company for distribution worldwide. Such goods will be free of custom duties.

Annual Fees

(i)	Exempted Companies: fee based upon assessable capital:	
	\$0 - \$12,000	\$ 1,780
	\$12,001 - \$120,000	\$ 3,635
	\$120,001 - \$1,200,000	\$ 5,610
	\$1,200,001 - \$12,000,000	\$ 7,475
	\$12,000,001 - \$100,000,000	\$ 9,345
	\$100,000,001 - \$500,000,000	\$16,695
	\$500,000,001 or more	\$27,825
(ii)	Insurance Companies:	
	Class 1 insurer carrying on general business	\$880
	Class 2 insurer carrying on general business	\$1,500
	Class 3 insurer carrying on general business	\$5,000
	Class 4 insurer carrying on general business	\$25,000
	Long-term insurer	\$5,000
	Class 1 insurer and long term business	\$5,000
	Class 2 insurer and long-term business	\$5,000
	Class 3 insurer and long-term business	\$5,000
	Class 4 insurer and long-term business	\$25,000
(iii)	An Insurance Manager, Broker or Agent:	\$1,275
(iv)	Foreign Sales Corporation ("FSC"):	
	Small FSC which does not lease aircraft	\$525
	Regular FSC which does not lease aircraft	\$1,050
	FSC small or regular which leases aircraft	\$1,765
(v)	Overseas (Permit) Company:	
	Finance business, insurance business or open-ended mutual fund business	\$3,685
	Other overseas companies	\$1,780
(vi)	Overseas or Exempted Company:	
	Wholesale petroleum, oil, gas trading	\$17,285
(vii)	Overseas or Exempted Partnership	\$2,100