



THE BERMUDA CHAMBER OF COMMERCE

PRESS RELEASE: For Immediate Release

Bermuda Chamber of Commerce Response to 2023/2034 Budget Statement

Hamilton, Bermuda: 17th February 2023 – The Bermuda Chamber of Commerce commends the Government on the rigorous consultation process it engaged in prior to the release of the 2023/2024 Budget and for reflecting some of the critical feedback it received into the final outcome. Consultation ensures that the end result is one that enables Bermuda businesses to survive and thrive in this economy.

The Chamber recognises the needs of Government and the requirement for funding of key economic strategies to ensure that the Bermuda economy continues to grow and prosper. This budget recognises the need to not raise taxes on businesses in these economic times. All recognise the need for implementing a graduated tax and for ensuring that the burden of taxation falls on those who are best able to afford the costs. Government has reviewed the tax bands and taken on board advice that ensures that the bands introduced fairly distribute the tax burden over the larger employment base without creating undue incentives to manipulate the system.

While the Government is not changing the tax rates significantly, the budget is projecting a growth in the payroll tax revenue by \$58 million (18%) which hopefully will fit its budgeting needs.

We commend Government's commitment to increase its investment in the nation's infrastructure. Our roads, parks and gardens, government buildings and other significant capital assets of the country need to be continually upgraded and renewed in order to meet the needs of a vibrant economy and it is vital the Government continues to provide the necessary funding to ensure the country provides a first class location for its residents, businesses and tourists.

The amendment to the Economic Development Act to include the entire City of Hamilton, hence incentivizing residential development, is a commendable step in bolstering housing opportunities within the area and providing opportunity for private sector investment. This will also assist in efforts to grow the working population which will require additional housing inventory.

Businesses recognise the need to ensure all cash obligations are collected and the continuing presence of significant overdue receivables is a concern. The government has committed to use its best efforts to collect outstanding amounts to assist in meeting its obligations and to paying down debts. Increased



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efforts in this area can provide the Government significant increased cashflow above those noted in the budget.

While we expect there is much relief in the local business community with respect to the budget, the island's large debt burden continues to be the Damocles sword that hangs over the economy. Over 12% of revenues are used in servicing the current debt and this is not forecast to significantly decrease in the foreseeable future. The Chamber continues to raise concerns about the levels of unrecorded liabilities (pension fund deficits and Government guarantees) and is relieved to see that Government is recognizing this issue with its comments on the pension schemes.

In addition to the payroll tax matters, The Chamber is pleased to see a number of initiatives that are specific requests from our divisions, these include the customs duty exemption for investment in plant and equipment for spas and personal care businesses, the elimination of taxes on school uniforms, payroll tax benefits for restaurants, hospitality and retail operations, and increases to the maternity and paternity benefits.

Working together with our association partners, the Chamber believes that the freezing of employer payroll taxes benefits our IB colleagues as well as local businesses who are struggling to make ends meet, especially given the uncertainty around the looming changes of the global tax structure.

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The Bermuda Chamber of Commerce represents the collective commercial interests of its members to provide networking opportunities within the business community; to act as a conduit between private and public sectors; and to create community awareness and facilitate training.

For further information please contact the Chamber of Commerce at: info@bcc.bm or call 295-4201.