



The Benefits of Establishing in Bermuda

There are many reasons that Bermuda is a domicile of choice for doing business. Many of the principal factors overlap and include the following:

Tax neutral

There are no income, profit or capital gains taxes in Bermuda. Recent legislative amendments in Bermuda have extended until 31 March 2035 the period for which the Minister of Finance will grant an assurance to Bermuda companies that they will not be liable to pay any such taxes in the future. This is particularly attractive to holding companies with subsidiary operations in, or significant income arising from, more than one country as it is difficult for a particular taxing authority to assert its right to tax all of the group's operations or profits. The absence of withholding taxes is also attractive to a Bermuda company's shareholders.

Legislative Framework

Bermuda's corporate law is flexible and is largely based upon the corporate law of the United Kingdom. The principal corporate legislation, the Companies Act 1981 (the "Companies Act"), is amended regularly to keep pace with international commercial developments. Where the securities of a Bermuda company are listed on an overseas exchange, the regulatory regime in the Companies Act will often defer to the relevant onshore regulation.

Location and infrastructure

Bermuda is 1½ hours by air from New York, and there are regular direct flights to other major US cities, Canada and the UK. The island also has a sophisticated infrastructure and a long history of accommodating international businesses (the first international company was incorporated in the 1930s). Approximately 75% of the Fortune 100 companies maintain a corporate presence in Bermuda. Telecommunication services are very well developed, and there is a high level of

professional services available (including representation on the Island by all of the 'big four' international accounting firms). Bermuda has a stable political and social environment reflecting its status as an internally self-governing British territory with a tradition of parliamentary government dating from 1620. Bermuda's legal system is based on that of England, with a final appeal to the Privy Council of the House of Lords in England.

Light regulation

Bermuda's government and business community have traditionally worked together to ensure that the reputation and integrity of the jurisdiction are preserved without the need for overly burdensome regulation. This system of light, but effective regulation is generally characterised by a significant level of cooperation between the business community and the government and has complemented Bermuda's historical emphasis on quality rather than quantity of business.

Intangibles

In addition to (and, to some extent, as a result of) these other factors, there appear to be certain "intangible" benefits of establishing in Bermuda. Among other things, onshore investors seem to be more comfortable with Bermuda and its reputation for quality than other offshore jurisdictions. Similarly, organisations such as the U.S. Securities and Exchange Commission and the major stock exchanges are now dealing with Bermuda companies on a regular basis and generally appear satisfied with the island's legal system and regulatory environment. Bermuda companies are listed on most major stock exchanges around the world. Investors, lenders, rating agencies and many service providers are familiar with the legal system in Bermuda and are willing to participate in such a structure with little added due diligence.

This article is not intended to be a substitute for legal advice or a legal opinion. It deals in broad terms only and is intended to merely provide a brief overview and give general information.

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