



## Doing Business in Bermuda

By Stephanie Paiva Sanderson, Corporate Attorney

### 1. **What attributes does your country have that makes it a unique investment destination?**

Bermuda presents unique market opportunities for investors including in the international business sector, funds, insurance and reinsurance, financial intermediation, capital markets, hotel and building development, tourism, energy efficient technologies, telecoms, biotech and consultation services.

Bermuda is an undisputed world risk capital centre and remains ahead of the curve with respect to insurance-linked securities (ILS) which has been a very attractive market for insurers and investors over the past several years. Bermuda achieved Solvency II equivalence which was awarded by the European Commission and has served to increase Bermuda's value as a world-class international financial centre. This achievement ensures that Bermuda's (re)insurance industry is on equal footing with EU counterparts.

Bermuda has a sophisticated infrastructure which includes depth of market of experience, an internationally recognised stock exchange (the Bermuda Stock Exchange) and a well-balanced and sensible regulatory regime. Additionally, Bermuda's long standing commitment to global co-operation and transparency has ensured that it is a well-respected jurisdiction which aims to attract and maintain blue chip investors and industries.

In 2015 Fitch affirmed Bermuda's ratings were supported by its high GDP per capita and the advantages of Bermuda's sophisticated legal system, strong regulatory framework, simple tax regime, proximity to the United States as well as Bermuda's skilled workforce.

All Bermuda taxes are jurisdiction based and exempted undertakings can obtain a tax exemption certificate in respect of certain taxes. Essentially, Bermuda is a low-tax jurisdiction with a well-established tax regime.

The collaboration between industry, the regulator and the Government ensures that Bermuda responds to market evolution in an efficient, considered and well-regulated way.

### 2. **What are the main political risks/developments affecting inward investment that you have observed recently?**

Bermuda's current political climate is positive and the incumbent Government is business-friendly. They were democratically elected in 2012 and have continued to show their commitment to enhancing Bermuda's international reputation and attracting international investment to the jurisdiction.

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### **3. What incentives are in place to attract foreign investors?**

Bermuda is dedicated to attracting top international investors and has demonstrated this over and over again by continuously evolving according to market trends and industry requirements. Bermuda's Government, regulator and industry representatives maintain open lines of communication in order to keep Bermuda attractive and innovative. Bermuda has seen several changes to various pieces of legislation recently to emphasise the attractiveness of Bermuda to international business and as a domicile to carry on business including laws and policies relating to immigration, funds and partnerships:

- In 2013 and 2014 the Bermuda Government worked to fine-tune the 'Incentives for Job Makers' legislation under which senior executives who are responsible for creating jobs for Bermudians would be exempt from needing a work permit and would be able to obtain a Permanent Resident's Certificate if they satisfy certain eligibility criteria. Further, in 2015 the Government released new Work Permit Policies with new categories to attract investors to Bermuda. Some of the new categories of note are:
  - Global work permit to allow a person already employed by a global company in another jurisdiction to transfer.
  - New Business work permit to allow an exempted company new to Bermuda to receive automatic approval of work permits for the first six months.
  - Global Entrepreneur work permit for a period of up to one year in respect of exempted companies or start-ups.
- In 2013 Bermuda's funds legislation was amended to establish two new classes of exempt funds namely the Class A and Class B Exempt Funds. The Class A Exempt Fund can be established quickly and inexpensively requiring only a notification to be filed with the Bermuda Monetary Authority. Same day incorporation as well as regulatory certainty allows funds to commence operations immediately within a highly efficient exempt fund regime. For managers wishing to establish a regulated investment fund, Bermuda offers both a sophisticated investment regime and a more protected retail fund.
- In 2015, amendments were made to Bermuda's partnership legislation to enhance the various funds vehicles available and improve the asset management industry in Bermuda. Bermuda partnerships now enjoy many of the same rights afforded to Bermuda companies including flexibility, certainty, a charges register as well as a mechanism for relocation (i.e. continuation into Bermuda).

### **4. What pitfalls should international investors be conscious of?**

International investors should be conscious of Bermuda's 60/40 Rule under which Bermudians should own and control at least 60% of local Bermuda companies. This applies equally to joint ventures of domestic companies. It is though possible for a company to apply to the Government for a licence to conduct local business in Bermuda where Bermudian control falls below the 60% threshold.

Whilst not a pitfall, investors should note that the Bermuda Monetary Authority does vet ownership structures and the ultimate beneficial owners of Bermuda companies in order to verify who is involved with Bermuda entities and investors should be prepared to comply with that process. This vetting process is not typically onerous and ensures that Bermuda maintains its reputation as a reputable low-risk jurisdiction.

International investors should also be aware of Bermuda's immigration laws and ensure that any relevant work permits are obtained.

**5. What is the main advice that you would give to a prospective investor interested in Bermuda?**

Prospective investors seeking to enter the Bermuda market should be aware of the rules governing the conduct of business in Bermuda and should contact Bermuda advisors as soon as possible to help them navigate the Bermuda market. In order to successfully invest in Bermuda an investor should conduct research, develop a business plan and meet with advisors to discuss the potential investment in Bermuda.


Whilst not required and depending on the nature and structure of the proposed investment meeting with the BMA and/or the Government may be recommended which can be arranged through Bermuda advisors. Generally, it is beneficial for investors to travel to Bermuda to meet with Bermuda advisors and to gain first-hand knowledge of Bermuda and the Bermuda market.

**6. Are there any regional bodies or associations (legal, financial or political) active in this jurisdiction which investors may encounter or should be aware of?**

Investors should note that Bermuda is a British Overseas Territory. Bermuda's legal system is based on the common law of England and Wales. Further, Bermuda's currency is pegged to the US dollar at a one-to-one ratio and both currencies circulate in the jurisdiction equally.

Bermuda's relationship with the United Kingdom as well as its proximity and relationship with the United States mean that Bermuda is considerably influenced by both of these jurisdictions and thus the culture is one which is attractive to investors.

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