



## BERMUDA PERMIT COMPANIES

### Bermuda Permit Company

An overseas company, being a body corporate incorporated outside of Bermuda, which seeks to “engage in or carry on any trade or business in Bermuda” may only do so with a permit issued by the Minister of Economic Development (**Minister**). The overseas company may wish to establish either its principal business office or branch office in Bermuda.

Many overseas companies, including Irish registered companies, have sought tax residence in Bermuda by becoming Bermuda permit companies.

### Granting of a Permit

The Minister has the power to refuse a permit without being bound to provide reasons for refusal. In deciding whether or not to grant a permit, the Minister shall have regard to:

- (a) the economic situation in Bermuda and the due protection of persons already engaged in or carrying on any trade or business in Bermuda;
- (b) the nature and previous conduct of the company and the persons having an interest in the company whether as directors, shareholders or otherwise; and
- (c) any advantage or disadvantage which may result from the company engaging in or carrying on a trade or business in Bermuda.

The Minister may attach such conditions as the Minister thinks fit to impose which will be specified in the permit (if applicable). The permit may require that the company have one or more directors ordinarily resident in Bermuda and inform the Minister of any change in its beneficial ownership.

Every permit company must appoint and maintain a principal representative in Bermuda and must give notice to the Registrar of Companies (**RoC**) of the particulars of the principal representative. BeesMont Corporate Services Limited, a corporate administration services company affiliated with BeesMont Law Limited, can provide principal representative services. Please contact us for more information.

### Application Procedure

The general processing of permit applications is performed by the RoC in conjunction with the Bermuda Monetary Authority (**BMA**).

An application is first made to the BMA, accompanied with the applicable fee, and a subsequent filing is made with the RoC. The BMA application requires the following:

- (a) description of the company;
- (b) specifics of the company’s intended business activities;
- (c) details of Directors;

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- (d) overseas registered office address;
- (e) particulars of proposed place of business in Bermuda;
- (f) particulars of the resident representative;
- (g) names of the beneficial owners;
- (h) names of all persons having an ownership interest in the company along with their respective extent of ownership; and
- (i) certified copies of the Certificate of Incorporation and the Memorandum of Association of the company (if it is a company already in existence).

The company must also provide the reason for requiring a permit as opposed to forming a Bermuda exempted company. The fee for applying for a permit is \$302 (as of the date of this memorandum). Once the BMA application is processed, a filing must be made with the RoC.

The documents that must be filed with the RoC are as follows:

- (a) Cover letter – stating the name of the overseas company and contact information;
- (b) Applicable fee – annual government fee, which is normally \$1,995; \$86 (filing fee);
- (c) Advertisement – dated within three (3) months prior to the submission of an overseas company permit application;
- (d) Approved name reservation (if it is a newly incorporated company);
- (e) Form 4c – name of the company, principal place of business in Bermuda, registered office outside of Bermuda, date, and place of incorporation; and
- (f) Declaration.

Note that additional information may be required as the application undergoes processing.

## Annual Government Fees

A permit company may not commence its business in or from Bermuda until it has made its first payment of the annual government fee.

- (a) Where the permit company is one which is engaging in or carrying on, in Bermuda, wholesale trading business in respect of petroleum and other oils or liquefied petroleum gas - **\$19,330**
- (b) Where the principal business of the permit company is finance business or insurance business or, in the case of a permit company which is open-ended, mutual fund business - **\$4,125**
- (c) Where the permit company's business includes the management of any unit trust fund: in respect of each unit trust fund managed by the company at the date the declaration under section 121(1) (as read with sections 131 and 135) was made - **\$2,905**
- (d) In any other case - **\$1,995**

The annual government fee is due on or before the 31<sup>st</sup> of March of each year.

## Taxation

A permit company may apply for a tax assurance certificate exempting it from future taxation, for a period ending not later than 31 March, 2035. This provides that, until that date, in the event of any legislation being enacted in Bermuda which imposes tax computed on profits or income, or computed on any capital assets, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, such tax shall not be applicable to the company or to any of its operations or shares, debentures or other obligations of the company except insofar as



such tax applies to persons ordinarily resident in Bermuda holding shares, debentures or other obligations of the company or land leased to the company.

An application for a tax assurance certificate is made to the Minister through the RoC.

### **Variance of a Permit**

The Minister may, upon application, vary the terms of a permit.

### **Revocation of a Permit**

The Minister must give a company reasonable notice in writing of his intention to revoke its permit and afford the company an opportunity of making representations to him. Subject to this, the Minister may at any time revoke the permit of an overseas company if—

- (a) the company or any of its servants or agents contravenes a condition of its permit;
- (b) in the opinion of the Minister the company is carrying on business in a manner detrimental to the public interest;
- (c) the company ceases to engage in or carry on any trade or business in Bermuda;
- (d) a court or other competent authority in any country makes an order for the winding up, dissolution or judicial management of the company or of any person who directly or indirectly controls the company;
- (e) the company is otherwise wound up or if any person who directly or
- (f) indirectly controls the company is wound up or ceases to carry on business;
- (g) there is a substantial change in the effective control of the company;
- (h) there is a substantial change in the nature of the business carried on by the company;
- (i) the company does not pay the annual fee within thirty days of the due date; or
- (j) the company contravenes any provision of the Companies Act 1981.

### **Register of Permit Companies**

The RoC shall keep a register of permit companies which will show—

- (a) the name of the company;
- (b) the principal place in Bermuda from which the company engages in or
- (c) carries on any trade or business in Bermuda and the address of its
- (d) registered office outside Bermuda;
- (e) the date and place of its incorporation; and
- (f) a copy of its permit.

The register is open to inspection by members of the public during ordinary office hours.



This Memorandum is intended for informational purposes only and is not a substitute for legal advice. BeesMont Law is affiliated with BeesMont Corporate Services Limited which provides a full range of corporate and secretarial services. Please contact any member of our Corporate Team for further information on the topics covered by this Memorandum.

**April 2015**

At BeesMont Law we strive to provide the highest standard of legal service for our clients through our responsive, thorough and innovative approach. We have a friendly and dynamic team who are approachable and sensitive to the commercial and practical needs of our clients, for whom we seek to provide tailored solutions.

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