



# BERMUDA– November 2020

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### ***Most won't see land tax increase next year***

Most homeowners will not see an increase in land tax bills next year after the Government postponed a review of property values in the wake of the Covid-19 economic crisis, The Royal Gazette can reveal.

The tax is calculated on the annual rental value (ARV) of a property, which is revised every five years in normal circumstances.

The last ARV survey was conducted in 2015 and was due to be updated at the start of next year.

Homeowners and tenants were asked to complete forms updating rents and the state of their properties late last year.

But Government has tabled a Bill to extend the life of the 2015 survey to 2025.

Diane Elliott, the director of the land valuation department, said: "There will not be holistic changes to ARVs as of January 1, 2021 and ARVs in the current 2015 valuation list will remain as is.

"However, where there have been any physical changes to properties, such as additions, mergers, splits, demolitions and so on, the department will amend ARVs to reflect such changes."

Walter Roban, the home affairs minister, said that the decision to continue using the 2015 record was made to give property owners some stability in the wake of the Covid-19 pandemic.

He added: "Considering the current volatility in the rental market and the existing uncertainty in the economy as a whole, postponing the island-wide revaluation is a sensible and sound decision.

"ARVs in the 2020 draft valuation list are to be based on rental levels at the previous valuation date of July 2019, some seven months prior to the onset of the Covid-19 pandemic locally.

## **International Property Tax Institute**

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“It is far more beneficial economically to tie new ARVs under the next revaluation cycle to post Covid-19 levels, where the impact of the economic circumstances are more clear, and when businesses and homeowners will have had longer to recover.

“A post-COVID-19 valuation date ensures that the next revaluation period reflects the impact that the pandemic has on property values.”

Mr Roban said Bermuda had followed the lead of other jurisdictions which have put property valuation surveys on hold.

He added: “Countries globally are using this time to help reduce uncertainty to those affected by the impact of COVID-19 in the form of economic stimulus and recovery packages.”

He highlighted that land tax rates are set by the Minister of Finance, not the land valuation department.

Mr Roban said: “However, the Ministry of Finance has recently informed the department that the land tax rates for the January 2021 billing cycle will not be changed.”

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