

HOTELS CONCESSION (PALMETTO HOTEL) ORDER 2001

BR 5/2002

HOTELS CONCESSION ACT 2000

2000: 28

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Whereas Amarands Development Corporation Ltd. has by application dated 2 November 2000 applied for a hotel concessions order under section 3 of the Hotels Concessions Act 2000 in respect of the Palmetto Hotel development;

Whereas the Minister of Tourism, having considered the application, is satisfied that the hotel development is in the national economic interest of Bermuda;

The Minister of Tourism, with the agreement of the Minister of Finance, in exercise of the powers conferred upon him by section 4 of the Hotels Concession Act 2000, makes the following order:—

Citation and commencement

1 This Order may be cited as the Hotels Concession (Palmetto Hotel) Order 2001 and shall come into operation on such day as the Minister may appoint by notice published in the Gazette.

Interpretation

2 In this Order—

"the Act" means the Hotels Concession Act 2000;

"hotel" means the Palmetto Hotel as described in the hotel developer's application submitted under section 3 of the Act and includes qualifying units;

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"hotel developer" means Amarands Development Corporation Ltd., a company incorporated in Bermuda;

"opening date" means the date on which a licence to operate the hotel granted under the Hotels (Licensing and Control) Act 1969 comes into force

"planning permission" means planning permission granted for the hotel development under the Development and Planning Act 1974;

"qualifying units" means units which are leased back to the hotel for tourist accommodation for at least six months of the year for five consecutive years;

Concessions

3 (1) Subject to paragraph 4, the hotel developer shall in respect of the hotel be entitled to the following concessions—

- (a) for a period beginning with the commencement of this Order and ending on the first anniversary of the opening date, full relief from customs import duty otherwise payable on the importation of building materials, furnishings, fixtures and equipment (excluding construction equipment) necessary for the building, furnishing and equipping of the hotel;
- (b) for a period beginning with the opening date and ending on the fifth anniversary of that date, exemption from land tax otherwise payable in respect of the hotel, up to an amount not exceeding \$11,000 in each year of assessment;
- (c) for a period beginning with the opening date and ending on the first anniversary of that date, exemption from hotel occupancy tax otherwise payable in respect of the hotel to an amount equal to the sums expended by the hotel developer on marketing the hotel up an amount not exceeding \$98,000;
- (d) for a period beginning with the opening date and ending on the fifth anniversary of that date, exemption from the employer's share of the payroll tax otherwise payable in respect of persons employed by the hotel, of an amount equal to 100 per cent of the sums expended by the hotel on training Bermudian employees of the hotel, up to an amount not exceeding \$16,000 in any year;
- (e) for a period beginning with the opening date and ending on the fifth anniversary of that date, exemption from the hotel occupancy tax otherwise payable in respect of the hotel to an amount equal to 50 per cent of the sums

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expended by the hotel on entertainment provided by Bermudian entertainers to an amount not exceeding \$12,000 in any year; and

- (f) reduction of one third of the licence fee otherwise payable under section 83 of the Bermuda Immigration and Protection Act 1956 in respect of the first disposition of each qualifying unit.

(2) For the purposes of subparagraph (1)(d), the employer's share of payroll tax means that portion of payroll tax which the employer is not entitled to deduct from an employee's wages under section 19 of the Payroll Taxes Act 1995.

[Para 3 amended by BR 48/2006 effective 9 June 2006]

Terms and conditions

4 (1) To qualify for the exemption from customs import duty under paragraph 3(1)(a), the hotel developer must—

- (a) within a period of six months (or such later time as the Minister may approve) from the date of the grant of planning permission, diligently proceed with its construction;
- (b) use its best endeavours to ensure that the construction of the hotel will be completed and the hotel will open on a day not later than two years from the date of this Order, or such later date as the Minister may approve.

(2) To qualify for relief from the hotel occupancy tax under paragraph 3(1)(c) the hotel developer must, for the relevant period—

- (a) show to the satisfaction of the Minister that sums equal to the amount of the exemption claimed have been expended by the hotel developer on the marketing of the hotel;
- (b) comply with guidelines on the marketing of the hotel issued by the Minister; and
- (c) provide an annual audited statement of account showing the amounts expended on such marketing.

(3) To qualify for the exemption from payroll tax under paragraph 3(1)(d), the hotel developer must, for the relevant period—

- (a) comply with guidelines on the training of Bermudian employees issued by the Minister;
- (b) satisfy the Minister that appropriate training has been provided in accordance with the guidelines; and

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- (c) provide an annual audited statement of account showing the amounts expended on such training.
- (4) To qualify for relief from the hotel occupancy tax under paragraph 3(1)(e), the hotel developer shall, for the relevant period —
 - (a) show to the satisfaction of the Minister that entertainment has been provided at the hotel by Bermudian entertainers in accordance with guidelines issued by the Minister; and
 - (b) provide an annual audited statement of accounts showing the amounts expended on the entertainment.
- (5) To qualify for the reduction of the licence fee under paragraph 3(1)(f), the hotel developer must show to the satisfaction of the Minister that each unit is a qualifying unit.
- (6) In this paragraph, "relevant period" means the period for which the exemption or relief, as the case may be, is claimed.

[Para 4(4) substituted by BR48/2006 effective 9 June 2006]

Made this 20 day of December 2001

Minister of Tourism

[Amended by:
BR 48/2006]