

**HOTELS CONCESSION (FAIRMONT SOUTHAMPTON
PRINCESS) ORDER 2001**

BR 55/2001

HOTELS CONCESSION ACT 2000

2000: 28

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Whereas Westend Properties Ltd. has by application dated 12 October 2000 applied for a hotel concessions order under section 3 of the Hotels Concessions Act 2000 in respect of the Fairmont Southampton Princess Hotel redevelopment ;

Whereas the Minister of Tourism, having considered the application, is satisfied that the hotel redevelopment 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 (Fairmont Southampton Princess 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 Fairmont Southampton Princess Hotel as developed by the hotel redevelopment;

"hotel developer" means Westend Properties Ltd., a company incorporated in Bermuda;

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"hotel redevelopment" means the Fairmont Southampton Princess Hotel redevelopment described in the hotel developer's application submitted under section 3 of the Act;

"opening date" means the date on which the hotel redevelopment is certified by the Minister to be complete;

"planning permission" means planning permission for the hotel redevelopment granted under the Development and Planning Act 1974.

Concessions

3 (1) Subject to paragraph 4, the hotel developer shall in respect of the hotel redevelopment 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 redevelopment;
- (b) for a period beginning with the opening date and ending on the fifth anniversary of that date, an exemption of 22.98 per cent from the land tax otherwise payable in respect of the hotel, up to an amount not exceeding \$88,000 in each year of assessment;
- (c) for a period beginning with the opening date and ending on the second anniversary of that date, an exemption of 22.90 per cent from the 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 development, up to an amount not exceeding \$604,000 in any year;
- (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 50 per cent of the sums expended by the hotel on training Bermudian employees of the hotel, up to an amount not exceeding \$480,000 in any year; and
- (e) for a period beginning with the opening date and ending on the fifth anniversary of that date, relief from custom import duty paid or otherwise payable in respect of

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alcoholic beverages purchased by the hotel and sold to, and consumed by, guests of the hotel on hotel premises, of an amount equal to 50 per cent of the sum expended by the hotel on entertainment provided by Bermudian entertainers, to an amount not exceeding \$227,850 in any year.

(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.

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 redevelopment will be completed and the hotel redevelopment 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 redevelopment;
- (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 on 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 the relief from customs import duty on alcoholic beverages under paragraph 3(1)(e), the hotel developer must, 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;
 - (b) provide an annual audited statement of account showing the amounts expended on such entertainment; and
 - (c) comply with procedures established by the Collector of Customs for this purpose.
- (5) In this paragraph, "relevant period" means the period for which the exemption or relief, as the case may be, is claimed.

Made this 28th day of August, 2001

Minister of Tourism