

**HOTELS CONCESSION (SPA RESORT AT LANTANA) ORDER
2004**

BR 23/2004

HOTELS CONCESSION ACT 2000

2000: 28

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Whereas Lantana Resort Ltd. has by application dated 19 December 2002 applied for a hotels concession order under section 3 of the Hotels Concession Act 2000 in respect of the Spa Resort at Lantana development;

Whereas the Minister of Tourism, having considered the application, is satisfied that the 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

1 This Order may be cited as the Hotels Concession (Spa Resort at Lantana) Order 2004.

Interpretation

2 In this Order—

"the Act" means the Hotels Concession Act 2000;

"hotel" means the Spa Resort at Lantana comprising the following premises shown on the plan set out in the Schedule

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(but excluding all premises within the hatched area of the plan)-

- (i) 40 Spa Suites comprising:
 - 18 SF's (Spa Fireplace) Spa/hotel suite with fireplace ;
 - 3 SG's (Spa Gardens) Spa/hotel suites with garden;
 - 19 SWF's (Spa Water Front) Spa/hotel suites on waterfront;
- (ii) 4 Corporate/Wellness Units;
- (iii) Spa Centre, Conference Centre, Salon and staff quarters;
- (iv) Restaurant, Clubhouse and swimming pool;
- (v) 7 Yacht Club Villas (Y 1-7);
- (vi) 17 Beach Front Condominiums (BF 1-17);
- (vii) Swimming pool;

"hotel developer" means Lantana Resort Ltd., a company incorporated in Bermuda;

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

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

"residential unit" means a residential unit forming part of the hotel premises which the Minister is satisfied are or will be used for at least six months in any year to accommodate paying guests who are not ordinarily resident in Bermuda.

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 the land tax otherwise payable in respect of the hotel, up to

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an amount not exceeding \$50,000 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 37 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 \$300,000 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 \$97,500 in any year;
- (e) for a period beginning with the opening date and ending on the fifth anniversary of that date, relief from customs import duty paid or otherwise payable in respect of 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, up to an amount not exceeding \$72,500 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 residential 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.

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 the construction of the hotel;
- (b) use its best endeavours to ensure that the construction of the hotel will be completed and the hotel will open on

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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 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 of the hotel issued by the Minister;
- (b) satisfy the Minister that appropriate training of employees has been provided in accordance with the guidelines; and
- (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.

SCHEDULE

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Made this 30th day of March, 2004

Minister of Tourism