



BERMUDA

HOTELS CONCESSION (ELBOW BEACH HOTEL) ORDER 2016

BR 57 / 2016

WHEREAS Mr. Edmund J. Burns Jr. has submitted an application dated 2 November 2015 (and revised on 1 February 2016) on behalf of Elbow Beach Hotel and Development Company Limited for a hotel concession order under section 3 of the Hotels Concession Act 2000 in respect of the Elbow Beach Hotel redevelopment;

WHEREAS the Minister responsible for tourism, having considered the application, is satisfied that the hotel redevelopment is in the national economic interest of Bermuda.

The Minister responsible for tourism, with the written agreement of the Minister of Finance, in exercise of the power conferred by section 4 of the Hotels Concession Act 2000, makes the following Order:

Citation

1 This Order may be cited as the Hotels Concession (Elbow Beach Hotel) Order 2016.

Interpretation

2 In this Act—

“Act” means the Hotels Concession Act 2000;

“hotel” means the Elbow Beach Hotel as redeveloped by the hotel developer;

“hotel developer” means the Elbow Beach Hotel and Development Company Limited, a company initially incorporated in Bermuda on 15 March 1933 and amalgamated with E.B. Properties Limited on 12 August 2009;

“hotel redevelopment” means the Elbow Beach 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.

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Concessions

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

- (a) full relief from customs duty until a year after the hotel's opening date in respect of any building materials, furnishings, fixtures and equipment which are 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, exemption from land tax otherwise payable in respect of the hotel, up to an amount not exceeding \$170,000.00 in each year of assessment;
- (c) for a period beginning with the opening date and ending on the fifth anniversary of that date, exemption from hotel occupancy tax (Hotel Occupancy Tax I) otherwise payable in respect of the hotel, for an amount equal to the sum expended by the hotel developer on marketing the hotel redevelopment up to an amount not exceeding \$1,840,000.00 in each year of assessment;
- (d) for a period beginning with the opening date and ending on the fifth anniversary of that date, exemption from hotel occupancy tax (Hotel Occupancy Tax II) otherwise payable in respect of the hotel, for an amount equal to the sum expended by the hotel on entertainment provided by Bermudian entertainers, up to an amount not exceeding \$160,000.00 in each year of assessment;
- (e) 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, for an amount equal to the sum expended by the hotel on training Bermudian employees of the hotel, up to an amount not exceeding \$200,000.00 in each year of assessment.

(2) For the purposes of subparagraph (1)(e), 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 Tax Act 1995.

Terms and Conditions

4 (1) To qualify for the exemption from hotel occupancy tax (Hotel Occupancy Tax I) under paragraph 3(1)(c), the hotel developer shall, 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 the guidelines on the marketing of the hotel redevelopment issued by the Minister; and

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- (c) provide to the Minister an annual audited statement of accounts showing the amounts expended on such marketing.
- (2) To qualify for the exemption from hotel occupancy tax (Hotel Occupancy Tax II) under paragraph 3(1)(d) 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 the guidelines issued by the Minister; and
 - (b) provide to the Minister an annual audited statement of accounts expended on such entertainment.
- (3) To qualify for the exemption from the employer's share of the payroll tax under paragraph 3(1)(e), the hotel developer shall, 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
 - (c) provide to the Minister an annual audited statement of accounts showing the amounts expended on such training.
- (4) Any concession granted under paragraph 3, if it has not ceased to have effect by 31 March 2023, shall cease to have effect immediately after that date.
- (5) In this paragraph, "relevant period" means the period for which the exemption is claimed.

Made this 5th day of July 2016

Minister of Tourism, Transport & Municipalities