

## **HOTELS ENCOURAGEMENT ACT**

### **INVESTMENT TYPE**

1. New and existing hotels, residential clubs, condo-hotels and *owner-occupied rental homes* licensed under the Hotels Act.
2. New and existing restaurants and shops in hotels or in tourist areas designated by the Ministry of Finance which sell goods to tourists.

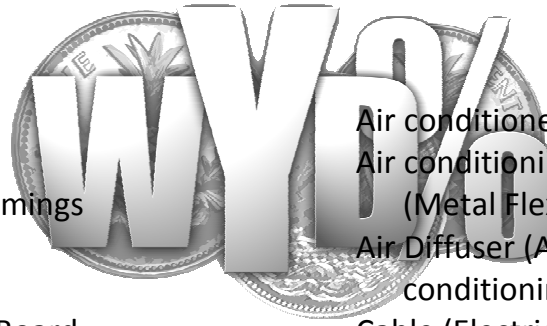
### **CONCESSIONS**

- 1) No Import duty on the following materials for construction and furnishing of hotels and restaurants and shops:

#### **Building Materials**

Aggregate	(Water, Chemical)
Bar Joists (Steel)	Flashing (Copper)
Beading (Wood, Ceramic)	Formica
Bolts	Glass
Caulking	Glue (Epoxy, Carpenter's)
Cement	Grout
Clamps (Metal)	Gutters
Color Additive (Concrete)	Hinges
Corian	Hurricane clips
Decking (Steel, Wood)	Insulation
Doors & Frames	Joint tape
Duro-Wall (Reinforcement for Masonry Walls)	Joist hangers
Felt	Kitchen Cabinets
Fire Hose Reels & Cabinets	Lag Bolts
Fire Hoses	Lally Columns
Fire Suppression System	Lattice (wood)
	Lime
	Locks

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Lumber  
Metal Lath  
Molding & Trimmings  
Nails  
Nuts  
Particle (Fiber) Board  
Paver Stones (Specialized only)  
Plywood  
Railings (metal, wood, PVC)  
Rods (Threaded)  
Roof Tiles (cement, clay, metal)  
Roof Trusses  
Screen (Insect)  
Screws  
Sheetrock  
Shingles (Asphalt, Wood)  
Sills  
Solder  
Sonotube (Cardboard Concrete Formwork)  
Staircase (Prefabricated)  
Staples (Construction)  
Steel (Reinforcement, Sections, Channels, Angles)  
Suspended Ceilings  
Tabs  
Tennis Court Material  
(excluding paints)  
Tire Wire (Reinforcement)  
Tile Cement  
Tiles (Ceramic, Vinyl, Acoustic, Marble)  
Vanities  
Visqueen (Plastic Sheets)  
Windows  
Wire Mesh (steel)

### **Electrical Materials**

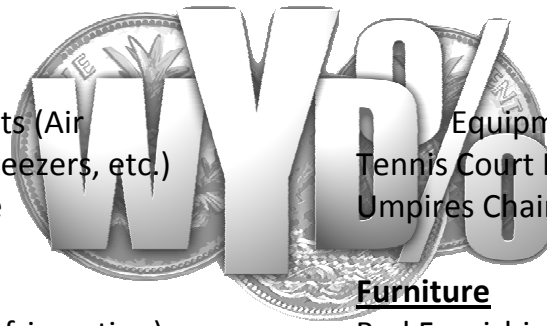
Air conditioners  
Air conditioning Ducts  
(Metal Flexible)  
Air Diffuser (Air conditioning)  
Cable (Electric)  
Capacitors (Electric)  
Circuit Breakers  
Contractors  
Control Panels (Electric)  
Fan Coil (Refrigeration)  
Fans (Ceiling, Exhaust)  
Fuse Boxes  
Generators  
Junction Boxes  
Light Fixtures  
Relays  
Sensors  
Switch Gear  
Switches (Electric)  
Transformers  
Vents (Air conditioning)  
Wire (Electric)  
Pipes (PVC, copper, aluminum galvanized, etc.)

### **Equipment**

*Note: Import duty must be paid on kitchen appliances imported for individual units of condo-hotels.*

Air Handlers  
BBQ Grill  
Blender (Industrial)  
Charbroiler  
China (Dining)  
Coffee Maker (Industrial)  
Compressor (Refrigeration)  
Computers

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Condensing Units (Air conditioners, Freezers, etc.)

Copier Machine

Cutlery

Dryer (Clothes)

Evaporators (Refrigeration)

Facsimile Machine

Fire Extinguishers (Portable)

Food Processor (Industrial)

Freezers

Fryers

Ice Machine

Juice Machine (Industrial)

Kettles (Floor Mounted)

Laundry Trucks

Oven

Range

Refrigerator

Satellite

Stereo Equipment

Stove

Televisions

Thermostats

Toaster (Industrial)

Washing Machine

Water Cooler

Water Dispensers

### **Entertainment Equipment**

*Note: Import duty exemption applies only to first-time purchase of entertainment equipment*

Audible Public Address Sound Systems

Backgammon Tables

Disco Sound & Lighting Equipment

Fixed Public Address Sound

Equipment

Tennis Court Lighting

Umpires Chairs

### **Furniture**

Bed Furnishings

Bedroom sets (excluding Mattresses & Box Springs)

Carpet

Chairs

Coffee Tables

Fabric (Upholstery)

Lamps

Linen (Dining Room)

Lockers (Staff, Sports)

Side tables

Stools

Tables

Window blinds

### **Landscape Materials**

Greenhouse Cloth

Irrigation Equipment

Peat Moss

Pebbles

### **Plumbing Materials**

Backflow Preventers

Bathroom Fittings

Bathtubs

Coupling (PVC, Metal)

Faucets

Gaskets

Grease Traps (Prefabricated)

Lavatories

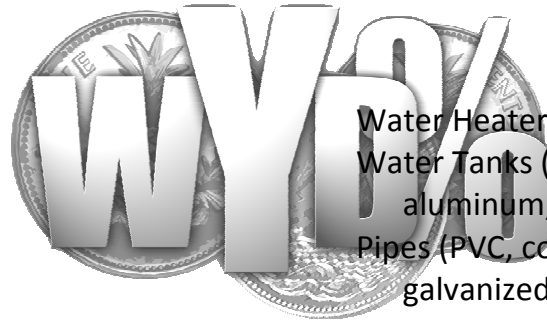
Lift Stations

Pressure Gauges

Pumps (Water)

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PVC Tape  
Sealants  
Showers  
Toilets  
Urinals  
Valves



Water Heaters  
Water Tanks (steel, fiberglass,  
aluminum, etc)  
Pipes (PVC, copper, aluminum,  
galvanized, etc.)

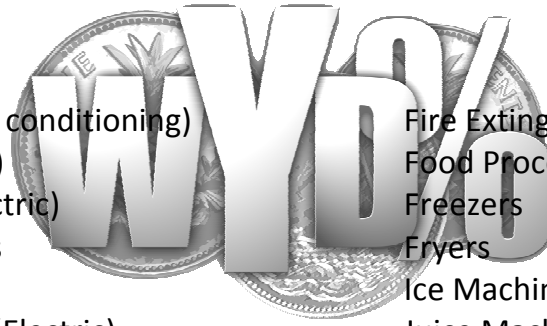
- 2) No Stamp tax on importation of materials for construction and furnishing of hotels and restaurants and shops on the Family Islands. In July 2008 Import tax & Stamp tax were amalgamated for all imports except alcoholic beverages.
- 3) No Import duty on the importation of the construction plant.
- 4) No Real Property tax or any form of tax on new and existing hotels and restaurants and shops for ten (10) years.
- 5) Maximum room tax of \$20 per bedroom per year after the Real Property tax exemption has expired on new hotel. This special room rate is renewable for ten (10) years; thereafter the rate is as follows:

New Providence & Paradise Island hotel	\$250 per bedroom/year
Family Island hotel	\$100 per bedroom/year
- 6) No direct taxation against earnings or dividends for twenty (20) years. However, Business License fee must be paid.
- 7) Government approval to import key personnel and special workmen during the construction and operational phases of the new hotel, restaurant or shop.
- 8) Reduced Import duty of 10% on the following materials and equipment when imported for the rehabilitation, remodeling, extension and refurbishing of hotels, restaurants and shops in New Providence and Paradise Island and where the value of the materials is at least 25% of the value of the hotel, restaurant or shop and the completion time is less than two (2) years. And full exemption from import duty on these materials and equipment when they are imported for the rehabilitation, remodeling, extension and refurbishing of hotels, restaurants and shops in Grand Bahama and the Family Islands.

**Electrical materials**  
Air conditioners

Air conditioning Ducts (metal,  
flexible)

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Air Diffuser (Air conditioning)  
Cables (Electric)  
Capacitors (Electric)  
Circuit Breakers  
Contractors  
Control Panels (Electric)  
Fan Coil (Refrigeration)  
Fans (Ceiling, Exhaust)  
Fuse Boxes  
Generators  
Junction Boxes  
Light Fixtures  
Relays  
Sensors  
Switch Gear  
Switches (Electric)  
Transformers  
Vents (Air conditioning)  
Wire (Electric)  
Pipes (PVC, copper, aluminum, galvanized, etc.)

### **Equipment**

Air Handlers  
BBQ Grill  
Blender (Industrial)  
Charbroiler  
China (Dining)  
Coffee Maker (Industrial)  
Compressor (Refrigeration)  
Computers  
Condensing Units (Air conditioners, Freezers, etc.)  
Copier Machine  
Cutlery  
Dryer (Clothes)  
Evaporators (Refrigeration)  
Facsimile Machine

Fire Extinguishers (Portable)  
Food Processor (Industrial)  
Freezers  
Fryers  
Ice Machine  
Juice Machine (Industrial)  
Kettles (Floor Mounted)  
Laundry Trucks  
Oven  
Range  
Refrigerator  
Satellite  
Stereo Equipment  
Stove  
Televisions  
Thermostats  
Toaster (Industrial)  
Washing Machine  
Water Cooler  
Water Dispensers

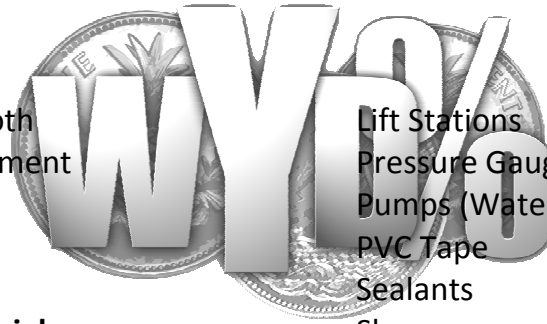
### **Furniture**

Bed Furnishings  
Bedroom sets (Excluding Mattresses & Box Springs)  
Carpet  
Chairs  
Coffee Tables  
Fabric (Upholstery)  
Lamps  
Linen (Dining Room)  
Lockers (Staff, Sports)  
Side tables  
Stools  
Tables  
Window Blinds

### **Landscape Materials**

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Greenhouse Cloth  
Irrigation Equipment  
Peat Moss  
Pebbles

Lift Stations  
Pressure Gauges  
Pumps (Water)  
PVC Tape  
Sealants  
Showers  
Toilets  
Urinals  
Valves  
Water Heaters  
Water Tanks (steel,  
fiberglass, aluminum)  
Pipes (PVC, copper, aluminum,  
galvanized, etc.)

**Plumbing Materials**

Backflow Preventers  
Bathroom Fittings  
Bathtubs  
Coupling (PVC, metal)  
Faucets  
Gaskets  
Grease Traps (Prefabricated)  
Lavatories

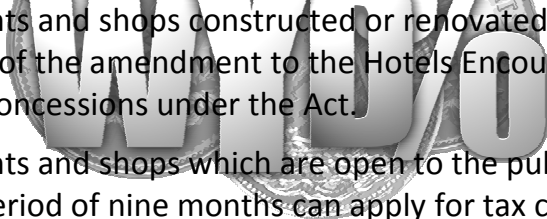
9) No Import duty to be paid by all-inclusive hotels only on the first-time importation of the following sporting equipment:

Catamarans	Sea cycles
Hydrobikes	Skis
Kayaks	Scuba equipment
Paddle boats	Windsurf boards
Pedal boats	Dive Boat (of less than 30 feet)
Sail boats	

**LIMITS TO CONCESSIONS**

1. Tax concessions on hotel, restaurant and shop investments are not automatic. Concessions must be negotiated in agreements between the investor and the Bahamas government;
2. Hotel, restaurant or shop owner must enter into a performance bond with the Comptroller of Customs.
3. Import duty and Stamp tax concessions are conditional on imports being used exclusively in the licensed hotel, restaurant or shop.

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4. Only restaurants and shops constructed or renovated after July 2008 (the effective date of the amendment to the Hotels Encouragement Act) can apply for tax concessions under the Act.
  5. Only restaurants and shops which are open to the public for a minimum consecutive period of nine months can apply for tax concessions under the Hotels Encouragement Act.
  6. A hotel, restaurant or shop cannot receive concessions as a hotel and concessions as a restaurant/shop in the same period. That is, concessions cannot be duplicated.

**CONTACT AGENCY**

Ministry of Finance  
Ministry of Tourism