



9th September 2020

By email: pm.sec@govt.lc

Honorable Allen Michael Chastanet
Prime Minister
Minister for Finance, Economic Affairs, Job Creation,
External Affairs and the Public Service
5th Floor
Graham Louisy Administrative Building
Castries
St Lucia

Dear Honorable Prime Minister,

RE: SLHTA Accommodation Head Tax

Since January 2019, the SLHTA has provided a number of recommendations to the Government on a framework for the implementation of an accommodation based head tax. The SLHTA wishes to reiterate it's support for the introduction of such a tax which will result in a stream of direct financing for the marketing initiatives of the St Lucia Tourism Authority.

We commend the Government's efforts to reduce the VAT rate from 15% to 12.5%, create a separate events company thereby streamlining the focus of the SLTA on Marketing of the destination and the introduction of a registration regime for the informal accommodation sector. This registration scheme – as we understand it- will be the first step to creating a fairer playing field between the formal and informal sector, offer opportunities to our informal accommodations whilst ensuring that there will also be the appropriate tax contribution.

The Association notes your expressed commitment that the head tax must be fair and have a neutral impact on the accommodation sector and not create a competitive disadvantage for some members, in particular the small hotels. The small hotels in particular are concerned about the anticipated 2 tier head tax system and have requested your consideration for a third tier aimed at small hotels with an average daily rate under US \$100. We appreciate that a VAT reduction on accommodation and other services will accompany the head tax introduction.

We look forward to further discussions on other proposed initiatives which will ensure the neutrality of this tax on operational expenses and minimize its impact on smaller accommodation establishments who have appealed to the Prime Minister for more sector specific support.

We appreciate and commend your willingness to continue discussions on concessions for food and beverages which are NOT produced locally and which have been outlined in our correspondence to you dated 31st July 2019. (for ease of reference, we have included the relevant section of this letter as an addendum.)

The Association is also very pleased to accept your invitation to contribute to the relevant bills which will be tabled in Cabinet to facilitate the legalization of the head tax. This will give the SLHTA an opportunity to highlight any remaining technical questions regarding the content of the bill. In particular, some members requested that the bill makes reference to and contains an exemption of timeshare and villa owners occupying their units and an exemption of comp rooms for tourism industry professionals, agents, journalists and influencers. Members have also expressed some concern regarding the timing of the introduction of the head tax. It is hoped that Jan 1, 2021 could be the agreed date for implementation. We trust that the SLTA will pro-actively address the introduction of the head tax with our international trade partners to mitigate the negative fallout of such an introduction.

We assure you of our highest regards and appreciation for the consultative approach which your office has taken in these discussions and remain available to discuss further at your convenience.

Yours sincerely



KAROLIN TROUBETZKOY
President
St Lucia Hospitality and Tourism Association

Addendum as referenced in the letter dated 31st July 2019

1. Beverage: Wines, Champagne, Vodka, Bourbon & Rye, Gin, Scotch, Whiskey and Liqueurs
2. Seafood: Salmon, Smoked Salmon, Cured Salmon, Sea Bass, Cod, Marlin, Grey Snapper, Swordfish, Tilapia, Tuna Loin (SAKU), Hamachi, Crab, Shrimp, Scampi, Scallops, lobster when out of season locally
3. Beef: Tenderloin, Flank, Striploin, Ribeye, T-bone Steak, Ground Beef, Beef Round, Brisket, Short Rib, Beef Patties, Beef Rib, Beef Loin, Beef Short Plate Cuts, Beef Shank, Veal Cutlet
4. Lamb/Mutton: Lamb Rack, Lamb Neck, Lamb Fore Shank, Lamb Leg, Shoulder, Ribs, Loin, Sirloin, Breast and Hind Shank
5. Dairy products