

# Hoteliers want special study on sector to be included in tax reforms

— Ingrid Brown

HOTELIERS want findings of its recently commissioned study, comparing taxes paid by Jamaican hotels to those in other parts of the region, to be considered in the country's new tax reforms.

President of the Jamaica Hotel and Tourist Association (JHTA) Evelyn Smith said that the study, being conducted by PricewaterhouseCoopers and which should be completed by month-end, will provide a comparison of taxes paid by an all-inclusives, as well as small and large European Plan hotels.

According to Smith, the implementation of the tax reform must be done in a manner that is conducive to the growth and sustainability of the tourism sector.

“The JHTA is, therefore, opposed to the repealing of the various pieces of tax incentive legislation that have for many years led to the earning of significant levels of foreign exchange and the employment of thousands of workers,” Smith told a luncheon meeting of the Lions Club of Kingston at the Jamaica Pegasus on Wednesday.

She said while the association has accepted the need for tax reform, this must involve provisions to encourage the growth of sectors that are stars with bright prospects for the economy.

Smith said a major consideration is tourism's reliance on forward marketing; where pricing for all segments of the industry is established and contracted in advance.

With the majority of rooms sold by overseas travel agents and tour operators 12 to 24 months in advance, Smith said any sudden rate changes would be unacceptable to the market and unforeseen increases cannot be recouped from these operators.

“Any tax increase that takes affect after we have contracted, therefore, must be absorbed by us and therefore becomes a financial burden on the industry,” Smith said.

She further argued that high cost structures bearing the weight of high taxes force significant rate increases without the commensurate product enhancement, leading to a decrease in demand for Jamaican vacations.

The JHTA has also commissioned a second study to examine the reach and impact of the financial contribution of tourism to the country as a whole.

Meanwhile, the JHTA head said the association was looking forward to working with the newly elected government to carefully study and revamp the tourism marketing strategy.

Smith said leaders on both sides of the administration have crowed about increases in arrivals, and while this is important there needs to be a greater focus on the spend per visitor.

“The planned upgrading of our resorts will be a crucial step in increasing the amount of money each visitor spends,” she said.

She added: “It cannot be acceptable that we expand the accommodation sector and 30 per cent of the sector registers decline in occupancy; it cannot be acceptable that the number of cruise ports are increased when two of the major ones register declines in cruise ship calls and arrivals.”

Smith said with the significant increase in room count over the last seven years, only double-

digit growth in stopover arrivals will increase occupancy levels industry-wide and improve tourism business flow to all entities.



President of the Jamaica Hotel and Tourist Association Evelyn Smith listens attentively to a point being made by president of the Lions Club of Kingston Norman Boswell during the club's weekly luncheon meeting at the Jamaica Pegasus Hotel in Kingston on Wednesday. (Photo: Bryan Cummings)