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### **Statement from the Cayman Islands Tourism Association (CITA) Regulation of Tourist Accommodations: Necessary & Positive for Tourism Industry**

It is always heartening whenever the local media reports in a positive light on the Cayman Islands tourism industry particularly when Caymanians are encouraged to be a part of it. However, the Cayman Compass editorial on Friday, 13<sup>th</sup> July 2018 “Getting Government out of the Bedroom Business” is a not a fair and thorough representation of the tourism accommodation licensing process or purpose nor is their “confiscatory” perspective on the 13% Room Accommodation Tax. Therefore, the Board of Directors of the Cayman Islands Tourism Association would like to correct the misrepresentations and further inform the interested public.

**The Licensing Purpose** - The notion behind a tourist accommodation license is to ensure the safety and a minimal standard of quality for all commercial accommodation provided to visitors *in* the Cayman Islands regardless of *how or where* the business is transacted. The licensing of all tourism accommodation properties – whether hotel, condo, apartment, villa or bed & breakfast room in a house – is prescribed by the Tourism Law (Revision 1995), Tourism Tax Law (Revision 2013) and Tourism Regulations (Revision 2002). While the law is certainly due for a revision, it would seem that the regulation of our tourism accommodations has served the industry and the country well considering the strong reputation of the Cayman Islands tourism experience of which accommodation is a significant component. The current government regulations with a license being required of *all* tourism accommodations, is that it doesn’t encourage nor discourage any particular type of accommodation; it’s applicable to and fair for all.

**The Licensing Process** - While not what anyone would consider it a pleasure per se, the licensing process is by no means unpleasant or unreasonable. The inspection involves three different entities - the Fire Department, Department of Environmental Health and Department of Tourism - because of the expertise involved and particularly for the safety and the well-being of people are involved. Besides the commonly-known fire safety standards and the lessor known considerations for environmental safety such as pest control, water and waste management, pool safety and even, mosquito control measures, inspectors also address procedures and practices such as greeting and informing guest on safety and services, including the presence of a brochure rack displaying local tour

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operator brochures and a cleared public access to the beach and sea, two aspects of tourism which are also important to Caymanians.

Licensing also results in a central registry and provides for the transfer of education and information vital to responsibly caring for our visitors. Besides what some may consider to be mundane issues that may arise during a visitor's stay, the manager or operator of the accommodation property is also the point of contact for informing and coordinating the evacuation and/or safety of visitors in times of a natural disaster such as a hurricane. Pause for a moment - perhaps flashback to Hurricane Ivan or a TV newscast of any catastrophe - and now think again about your property as a tourist accommodation; it's not just about the money. So, yes, there is a penalty fee for operating an unlicensed property, as well there should be, given the responsibility involved.

Over the course of a decade and longer for some, the CITA Accommodation Directors in managing the licensing inspection process for small, medium and large properties across Grand Cayman, have never felt that the process was arduous or unnecessary. It can be frustrating at times when dealing with Department of Environmental Health on garbage collection matters - but who hasn't experienced that? If one is properly informed (and all the information is available online), prepared and organized, the inspection by all three Government Inspectors can be coordinated to be done at the same time and completed within hours. If there is a problem, delay or a matter requiring re-inspection, the small but dedicated teams are very cooperative and all one need do is to communicate accordingly. However, an inspection pass is not issued lightly nor should it be given that people's safety and lives are at stake.

**The Tax** – We are all well aware that the Cayman Islands is free of any income tax but let's keep in mind that there is but one only, one-time tax related to real estate property which is the Stamp Duty at the time of purchase and registration. Unlike most developed nations, there is no annual property tax nor is there a capital gain tax at the time of sale. In an era when the community at large as well as industry, the tourism industry being no exception, continues to demand more and, yes, as always, better services of Government, is it really unreasonable that a tax be levied for a sector that requires the high level of service and support as does tourism? Now, if you really want to be constructive, you could suggest that a fixed percentage of that tax be restricted to specific tourism-related services such as product development and management, which incidentally would entail regulation but perhaps it would also provide for greater enforcement.

As is the norm world-wide, tax is *passed on to the consumer*, in this case, the guest renting the room or property. While the accommodation property owner/operator



*collects* the tax from the guest and is responsible for submitting payment monthly to Government, the tax does *not* lessen the property owner/operator's rental earnings. It should be noted that the Cayman Islands continues to maintain one of the highest average daily accommodate rate amongst the Caribbean, even with a 13% tax which, we reiterate, is paid *by the guest* and *not* the property owner/operator. With the tax being a *percentage* of the nightly accommodation rate means that it doesn't encourage nor discourage any particular type or rank of accommodate; it's applicable to and fair for all.

**Supporting Tourism Entrepreneurship** – The Cayman Islands Department of Tourism (CIDoT) with the Ministry's support has been actively supporting the development and marketing of accommodation beyond hotels as well as small businesses and entrepreneurs. There are many initiatives but most specific to accommodation, the CIDoT has been sponsoring strategic business alliances as well as free educational events for the Cayman public – there was Trip Advisor in 2016, Expedia Vacation Rentals in 2017 and now Airbnb this year. While many municipalities around the world struggles with aspects of the likes of Airbnb (with some having banned the trade), the CIDoT had the foresight and fortitude to negotiate a Memorandum of Understanding with Airbnb in order to facilitate such business development within the Cayman Islands regulatory structure; thus, protecting our standards, fair practice and ultimately, the Cayman Islands reputation. The CIDoT leadership on this as well as their public educational efforts should be commended.

As far as Government catching up to technology, most Governments around the world struggle with that so Cayman is no exception. But each year we see various arms of the Cayman Islands Government rolling out more and more e-services and so we daresay and hope that the electronic remittance of the accommodation tax will soon be transactional online as well. Similarly, legislation also lags behind the pace of technology and, in Cayman's case, particularly with the growth of tourism, laws such as the Traffic Law (2011) as it relates to Public Transportation, which governs taxis, is due a revision; after all, even giants like Uber and Facebook have not been unscathed by regulation and many Governments' legislative catch up to game-changing technology and trends in the marketplace.

Lastly, anyone that attended the Tourism Community Meetings held earlier this year in March at each and every district throughout the Islands should know that the work of the Cayman Islands Department of Tourism extends far beyond the marketing of the destination. As all attending witnessed, there has been much research and deliberation undertaken to identify the strengths, weaknesses, threats and opportunities within the Cayman Islands tourism product and experience and even more became evident as a result of those meetings. We think all agree that there is much work to be done to enhance and to protect Cayman's tourism. Certainly the expansion of the benefits of tourism beyond Seven Mile Beach and



further amidst, for and by Caymanians and into all districts of the Cayman Islands, is not the least of priorities and, we, as do many, look forward to the final presentation of The National Tourism Plan. We trust that all concerned, the media included, will do their part to review the National Tourism Plan and ultimately support it in the interest of tourism and our treasured way of life in the Cayman Islands.

**About CITA:**

The Cayman Islands Tourism Association (CITA) was formed in March 2001, through an amalgamation of the Cayman Tourism Alliance and the Cayman Islands Hotel and Condominium Association. The CITA represents member businesses from all sectors, including hotels, condominiums and villas, watersports operators, restaurants, attractions, airlines, tourism transport providers, cruise sector businesses and allied tourism service providers. The CITA represents over 200 tourism businesses and is active in the areas of industry and government relations, marketing and events, as well as training, development and education. Organisations interested in becoming CITA members may visit the membership page: <http://www.cita.ky/membership>