

The Virgin Islands Consortium

Mapp Rejects Secret Harbour's Tax Benefits Package; Approves Carambola Request While Criticizing E.D.A. Board

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Aerial view of Carambola Beach Resort & Spa (Ernice Gilbert, VIC).

ST. CROIX -- Governor Kenneth Mapp has asked the Economic Development Authority Board to reconsider the tax benefit package it approved for Secret Harbour Resort, as it includes a provision for granting tax exemptions retroactively during a period when the resort was not in full compliance with its previous benefit agreement, a press release Government House issued this afternoon says.

“In the application before me, Secret Harbour requests that the benefits be retroactively applied to 2011,” Mr. Mapp wrote to the E.D.A. “Granting such a request would mean that the Government would waive Secret Harbour's tax obligation for the years 2011 to the present.”

According to the release, Secret Harbour had a ten-year period of tax benefits that expired in 2011 and, according to E.D.A., the resort did not comply with the terms of its tax benefit package during that period and never resumed paying taxes when its benefits expired.

“This application gives me pause in approving benefits primarily because I cannot agree to reward an entity for not fulfilling its obligations to the people of the Virgin Islands under its initial tax exemption certificate by granting benefits retroactively,” wrote the governor. “If Secret Harbour pays all of the taxes and obligations due to the government during the period it did not have a tax exemption certificate, then I would be willing to grant new tax exemption benefits, prospectively. If we do anything else; why would Secret Harbour or any other E.D.C. beneficiary fulfill its obligations under a new ten-year certificate of benefits?”

The governor approved a request from Carambola Beach Resort & Spa, but found the application for benefits puzzling given that the hotel is wholly owned by Government Employees' Retirement System (G.E.R.S.), and is already exempt from paying taxes. He said the E.D.A. application represented a waste of time and money.

“G.E.R.S. does not believe it should rely on a duly authored Determination Letter from the Virgin Islands Bureau of Internal Revenue so it has spent the system's money to pursue this certificate,” the Governor stated. “It is clear that duplication, waste and uncertainty have pervaded the management of the GERS and so the EDA and I must spend unnecessary time going through this process as well. Like the VIBIR and the EDA; I too agree that the applicant is an entity of the government, which makes it exempt from the payment of taxes and accordingly approve Carambola's application for EDC benefits.”

Feature Image: Aerial view of Carambola Beach Resort & Spa.

Image Credit: VIC.