

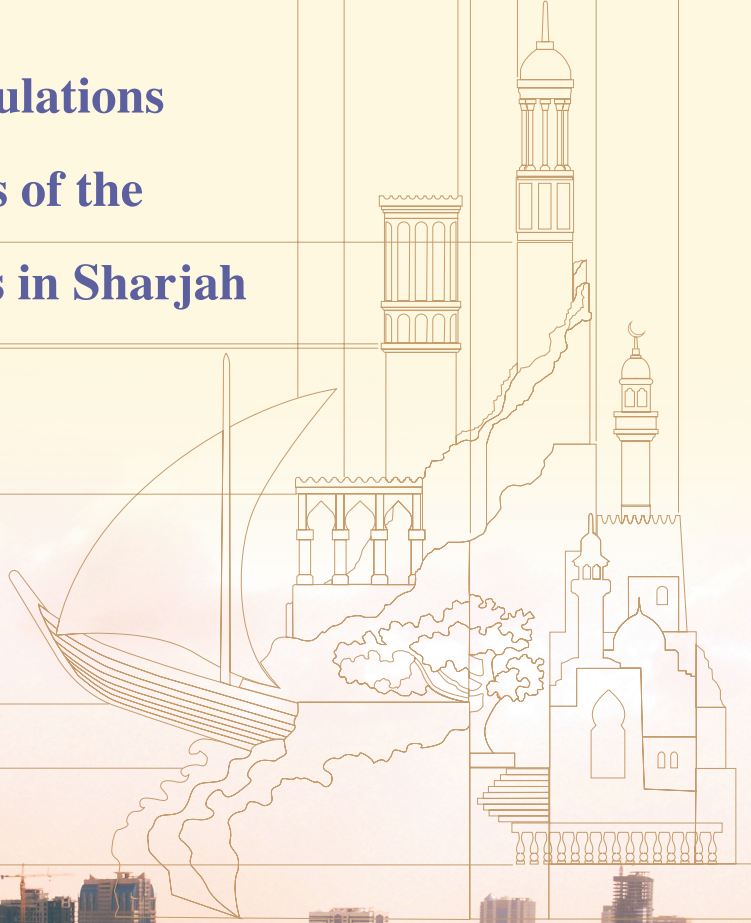


الإمارات العربية المتحدة - حكومة الشارقة
بلدية مدينة الشارقة
United Arab Emirates - Sharjah Government
SHARJAH CITY MUNICIPALITY

حكومة الشارقة
Government of Sharjah
هيئة الإعمار التجاري
والسياحة بالشارقة
Sharjah Commerce & Tourism
Development Authority



Guidelines of the regulations for Municipality Fees of the Hotel Establishments in Sharjah



- After reviewing the Resolution of the Executive Council of the Emirate of Sharjah No. (5) for the year 2013 regarding the municipality fees and violations;
- And based on our legal authority.

We have issued the following guidelines and the Financial Department of the municipality shall consider the standards and regulations indicated therein when applying the fees that the hotel establishments have to pay :

First:

The following words and clauses shall indicate the meanings opposite them. unless the context requires otherwise:

- Municipality Fee : The municipality fees (taxes) on the sales of the hotel Establishments.
- Sales : Revenues of hotel establishments for services provided by it to their guests and visitors. including. charges of hotel rooms or apartments. prices of food and beverage and other services.
- Hotel Establishments : Hotels. hotel apartments. and their different services which the hotel establishment provides. such as tours organized by them. entertainment parties. wedding parties. meetings and conferences and all other services.

Second:

Hotel establishments shall pay monthly municipality fees for their sales and the fees represent (10%) of the total monthly revenues of hotel rooms or apartments. food and beverage and other services provided to their guests and visitors. Such sales and services on which the municipality fee is applied shall be determined as defined in Annex (1).

Third:

The municipality fees shall be applied to the following entities:

1. Hotels. hotel apartments and their different amenities.
2. Restaurants in the hotel establishments and operating on a separate license other than the one of the establishment.

Fourth:

The hotel establishment shall pay the due amounts to the municipality before the sixteenth of the month after the due date. Payment of municipality fees for the due month shall not be deemed as correct and paid from the Hotel Establishment unless its accounting registers and documents are audited by the concerned department's auditors or their representatives.

For collecting the municipality fees, the fraction of a dirham shall be integral (considered as a full dirham). (the fraction of a dirham will be calculated as one dirham)

Fifth:

The municipality fees can be paid through the following methods:

1. Cash payment;
2. Cheques;
3. Credit cards;
4. Bank Transfer; or
5. Any other method determined by the concerned department.

Subject to paying the determined penalty for cheque retrieval, the List of Violations determined in the resolution of the Executive Council No. 5 of 2013 shall rule the fees paid for cheques retrieved from the bank without being paid in cash.

Sixth:

The Hotel Establishment shall:

1. Prepare a monthly declaration of all sales for the due month, including Deliveries and submit the same to the municipality according to the procedures and dates being followed in this respect (Attachment No. 3).
2. Paying the due amounts to the municipality before the sixteenth of the month following the due month by any of the above mentioned methods of payment.
3. Preparing the accounting records and documents on a regular basis and registering all its transactions therein according to the acknowledged accounting principles and in compliance with the applied law in UAE.
4. Maintaining its accounting registers for not less than five years.

5. Showing the municipality fee along with the service tax(charge) on the invoice or contract issued to the guest or visitor and registering this fee or tax in all accounting documents, records, books and financial systems used by it for the purpose of verifying accountancy and collection of the municipality fee.
6. Having their Final Statement of Accounts approved at the end of every fiscal year by a UAE certified auditor and approved by the municipality.
7. Presenting to the municipality its Final Statement of Accounts and Balance Sheets by no later than six months from the end of the Fiscal Year of the Hotel Establishment.
8. Informing the municipality immediately before the commencement of maintenance of the establishment, partial or total suspension of its activities and any other modifications (changes) in relation to its activity. In case the establishment resumes its activity, then the municipality shall be notified in writing by at least three business days prior to resuming its activity.
9. All registers, statements, documents prepared by the Hotel Establishment and submitted by it shall be deemed a proof with regards to the data and information set out therein.

Seventh:

The Hotel Establishment shall be liable to penalties from the municipality, if it perpetrates one of more of the following acts:-

1. Failure to pay the municipality fee during the time limit determined in the resolution of the Executive Council.
2. Failure to pay the municipality fees for the sales of all services, commodities and hotel products subject to payable.
3. Failure to present the approved Final Statement of Accounts and Balance Sheets during the determined time.
4. Failure to register all sales in its accounting books and registers.
5. Failure to prepare the accounting books or registers as per the acknowledged accounting principles or maintain them for no less than five years.
6. Forging of the accounting data or presenting incorrect, incomplete or falsified information, registers or statements.
7. Impeding or stopping the concerned municipality employees or the judicial officers or their representatives from auditing or collection of the taxes.
8. Performing any other act for escaping (dodging) from payment of the municipality fee totally or partially.

Eighth:

The Financial Directorate may assess the municipality fee that shall be collected from the Hotel Establishment in the following cases:

1. If any forge, counterfeit or non-accuracy is detected in registers, reports, statements, documents, balance sheet or the final accounts of the Hotel Establishment.
2. Non-conformity of documents presented with the Financial Reports.
3. Non-completion of the proper settlement of revenues and collections.
4. Failure of correspondence of revenues of the Hotel Establishment in comparison with expenditure, capacity of the establishment and economic situation prevailing in the Emirate.
5. Failure of effectiveness of the Internal Observation system of the Hotel Establishment or existence of gaps that do not guarantee tight observation on its sales' revenues.
6. Failure of the establishment to submit reasonable justifications of its sales decrease.

Ninth:

The Hotel Establishment may object, before the General Manager or his authorized representative, the decision of assessment issued by the concerned directorate, provided that such objection shall be in the following way, manner

1. It shall be in writing.
2. It shall be presented during one month from the date of notifying the establishment with the Assessment Decision.
3. It shall include the reasons of objection and shall be supported by documents.
4. The decision of the General Manager or his authorized representative in this objection shall be decisive.

Tenth:

The municipality may amend the articles stated in the below-mentioned tables and they shall be effective as of 01/01/2014.

1. Table of determining taxable sales and services.
2. Table of determining non-taxable sales and services

Eleventh:

Sales and services set out in Attachment (2) shall be excluded from the municipality fees.

Twelfth:

The municipality shall coordinate with the governmental directorates, authorities and general associations, including the Sharjah Police General Headquarter in order to collect the determined fees.

Thirteenth:

The following shall be excluded from paying the determined fees (taxes) on Hotel Establishments:

1. Entities excluded from fees in their law of Incorporation.
2. The wedding parties of UAE nationals being made in the halls of the Hotel Establishment.

Fourteenth

The Hotel Establishment's owner shall be the person in charge for paying the municipality fees and shall be liable for the legal consequences resulting in failure of duly payment.

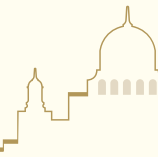
Fifteenth:

Subject to penalties, procedures and measures set out in the resolution of the Executive Council No. 5 of 2013, the violating entity shall pay the due municipality fees.

Sixteenth:

The provisions of these guidelines shall be effective as of the first day of January, 2014.

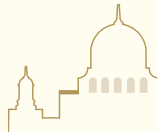
Mr. Riyadh Abdullah Elan
General Manager of Sharjah Municipality



Attachment (1):

Table of determining sales and services subject to imposed municipality fees

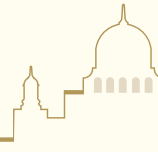
Sr. No.	Sales and Services Subject to Municipality fees	Method of Counting the Municipality Fees
1	Hotel rooms and hotel apartments	The fees are counted on the basis of the due value paid by the guest. The Hotel Establishments shall provide detailed invoices showing revenue and tax.
2	Rooms specified for actors	The fees are calculated on the basis of the Average Rental Value for the Hotel Establishments for the audited period. Example: No. of specified rooms X Average Rental Value
3	Rooms specified for housing of resident and on duty managers and employees.	It shall be calculated on the basis of Average Rental Value for the rooms of the Hotel Establishment. if the occupation of rooms specified for this purpose goes beyond the following limits: 1. Hotels categorized as four stars or more/ luxurious hotel apartments:- <ul style="list-style-type: none"> • One room for Hotel Establishments having no more than (50) rooms. • Rooms for Hotel Establishments having no more than (100) rooms and no less than (50) rooms. • Additional room for every (100) rooms of the Hotel Establishments having more than (100) rooms. 2. Hotels categorized less than four stars / standard hotel apartments: <ul style="list-style-type: none"> • One room for Hotel Establishments having no more than (50) rooms. • One room for Hotel Establishments having no more than (100) rooms and no less than (50) rooms. • Additional room for every (100) rooms of the Hotel Establishments having more than (100) rooms. The occupation of rooms is confirmed as such by disclosing the contracts and documents indicating the same.



4	Free rooms for guests or touristic groups	<p>The fees are calculated on the basis of Average Rental Value for rooms of the Hotel Establishment when the percentage of Average Annual Occupation of the free rooms is higher than the percentages specified in the following:</p> <ol style="list-style-type: none"> Hotels categorized as four stars or more/ deluxe hotel apartments: <ul style="list-style-type: none"> (3%) of the number of establishment rooms. This percentage is counted as per the following equation: No. of rooms × No. of days of the year × 3% = No. of free rooms of the year. Hotels categorized less than four stars/ standard or basic hotel apartments. <ul style="list-style-type: none"> (2%) of the number of rooms of the establishment and this percentage is calculated according to the following equation: No. of rooms × No. of days of the year × 2% = Number of free rooms in the year. <p>The occupation of rooms is confirmed as such by disclosing the contracts and documents indicating the same. The free rooms of guests or touristic groups are not applied regarding a decrease in the occupation.</p>
5	Guaranteed bookings for rooms/ apartments which their bookers do not come.	<p>The fees are calculated on the basis of the amount paid by the guest/visitor in case of confiscating his payment and registered as revenue.</p>
6	Amounts paid in advance for the purposes of booking.	<p>In case of balancing this amount as payables. it is not subject to the fees.</p>
7	Food and beverage	<p>The fees are considered on the basis of the due value from the guest or the visitor after accepting a discount and additions.</p>
8	Food and beverage presented for free to guests or touristic groups and others	<p>The fees are calculated on the basis of value of food and beverage whenever the percentage of free offers exceeds the percentages specified as such with the following limits:</p> <ol style="list-style-type: none"> Hotels categorized as four stars or more/ deluxe hotel apartments. <ul style="list-style-type: none"> (6%) of value of establishments' sales of food and beverage in a year. Hotels categorized as less than four stars/ standard or basic hotel apartments. <ul style="list-style-type: none"> (4%) of value of establishments' sales of food and beverage in a year. <p>Provision of food and beverage for free is confirmed by disclosing the documents indicating the same.</p>



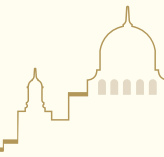
9	Cigarettes	The fees are counted on the basis of the due value requested from the guest or visitor.
10	Ramadan tents belonging to the Hotel Establishment.	The fees are calculated on the basis of the due value required from the guest
11	Halls of meetings. parties. seminars. conferences and so on which belong to the Hotel Establishment.	The fees are calculated on the basis of the due value from the guest or visitor.
12	Phone calls. fax. Internet and renting mobiles provided in the Hotel Establishment.	The fees are calculated on the basis of the due value from the guest or visitor.
13	Health Club services and other activities provided within the Hotel Establishment	The fees are calculated on the basis of the due value from the guest or visitor.
14	Benefiting from the sporting actives provided by the Hotel Establishment. including fees for entry and subscriptions.	The fees are calculated on the basis of the due value from the guest or visitor.
15	Benefiting from marine activities provided by the Hotel Establishment.	The fees are calculated on the basis of the due value from the guest or visitor.
16	Selling or renting tools. sports-wear. sea clothing for guests and visitors.	The fees are calculated on the basis of the due value from the guest or visitor.
17	Cleaning and ironing	The fees are calculated on the basis of the due value from the guest or visitor.
18	Business Center Services of the Hotel Establishment	The fees are calculated on the basis of the due value from the guest or visitor.
19	Sales of shops working under the license of the Hotel Establishment.	The fees are calculated on all sales of those shops. regardless of their activity type.
20	Sales of shops in the Hotel Establishment which are working with independent license.	The fees are calculated on the sales of those shops. if they are categorized as restaurants.



21	Revenues resulted by clearance transactions with business companies or partners (as interest exchange without cash)	The fees are calculated on the basis of the monthly average rental value for the period subject to audit.
22	Organizing land, sea and other journeys, including all food, beverage, etc.	The fees are calculated on the basis of the due value from the guest or visitor.
23	Services of Reception and outer parties and other services provided by the Hotel Establishment.	The fees are calculated on the basis of the due value from the guest or visitor.
24	Usage of paid parking of all types (vehicles and marine boats) belonging to the Hotel Establishment.	The fees are calculated on the basis of the due value from the guest or visitor.
25	Sales of membership cards and discounts which the guest/visitor avails from in more than Hotel Establishment.	The fees are calculated on the basis of the due value from the guest or visitor.
26	Revenue generated by providing business services or equipment's of the Hotel Establishments	The fees are calculated on the basis of the due value from the guest or visitor.
27	Revenues resulted by providing satellite channels service or amusement and enjoyment games.	The fees are calculated on the basis of the due value from the guest or visitor.
28	Rental Revenues resulting from renting any facility of the hotel, whether spaces, shops or any other hotel facility	The fees are calculated on the basis of the due value from the guest or visitor.

Remarks:

- Processes of discount and additions conducted by Hotel Establishments to their guests and visitors are subject to study and audit by municipality's auditors who have the authority to verify those processes by all methods and means to determine whether to consider or ignore them.
- The municipality fees and charges of the service - if any - shall be declared in the contract, invoice or Registration Cards for guests regarding rooms, in the lists of foods and beverages or invoice regarding restaurants and clubs. Failure to do so, the due municipality fees shall be calculated on the full paid amount by the guest or visitor, without making any discount.



Attachment (2):

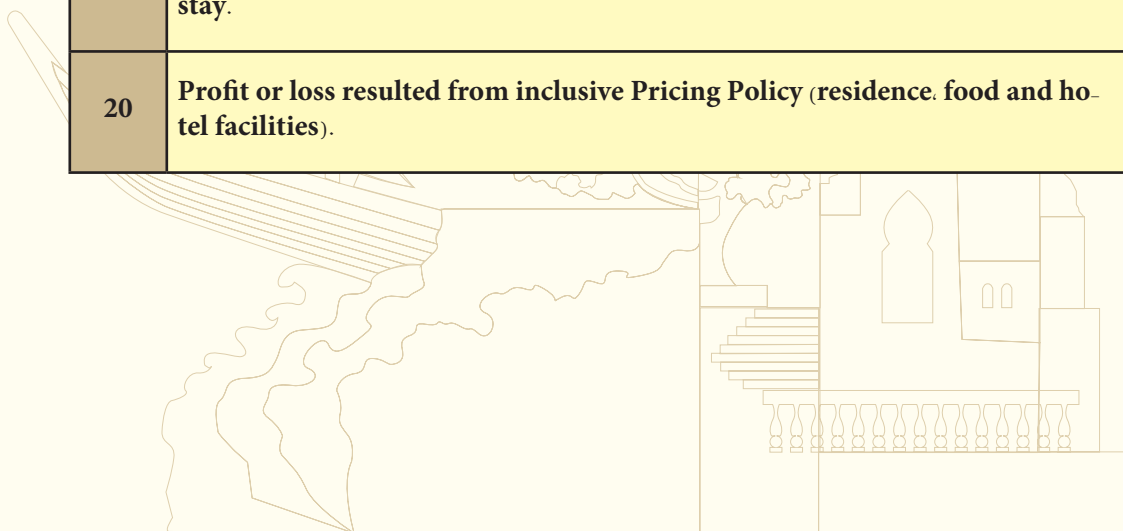
Table of determining sales and services to which the municipality fees are not applied



Sr. no.	Sales and services which are not subject to the municipality fees
1	Pre-paid phone cards.
2	Profits of currency exchange.
3	Revenues of babysitting services.
4	Revenue of Purchases Discount (Cash Discount or Bulk Discount)
5	Amounts paid out on behalf of guests in general without income to the hotel.
6	Profits which the hotel collects from tourism companies due to delay in payment.
7	Commissions for paying by Credit Cards and others.
8	Revenues (sales) of flowers.
9	Revenue resulted by renting advertising space to others (external wall of the hotel).
10	Commissions collected by the hotel from the others.
11	Profits of stocks and securities and insurance companies' compensations and judicial judgments.



12	Bank interests.
13	Revenues resulted by re-assessment of assets and goodwill.
14	Revenues resulted by changing the legal form of the hotel.
15	Revenues resulted by Bad Debts.
16	Revenues from Assets Sales Profit.
17	Any other incidental revenues
18	Revenues from Visa issuance (Visa fee)
19	Amount paid by the customer against damages in the rooms during his stay.
20	Profit or loss resulted from inclusive Pricing Policy (residence, food and hotel facilities).



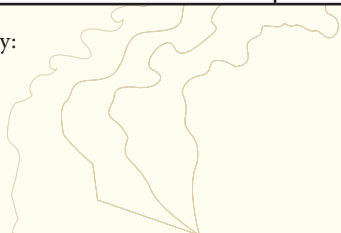


Attachment (3): Statement of Tax for hotels (monthly and yearly)

Hotel Name		
Municipality tax for XXX month		
Description	Tax	Revenue
Rooms		
Food and beverage		
Phone , fax and internet		
Laundry		
Swimming pool		
Tobacco		
Health club		
Room service		
Banquet		
Seminars and conferences		
Restaurant		
Shop and Space Rental		
Other revenues		
Total Taxable Revenues	XX	XX
Banquet - tax exempted		
Profits on exchange		
Other tax exempted revenues		
Total tax exempted revenues		XX
Total General Ledger's revenues		XX
Paid tax	XX	

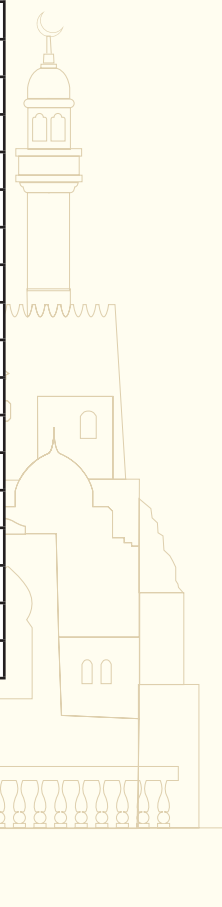
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Approved by:

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Guidelines of the regulations
for Municipality Fees of the
Hotel Establishments in Sharjah



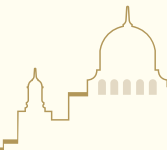
Hotel Name													
Municipality tax for XXXX													
Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Rooms													
Food and beverage													
Phone, fax and internet													
Laundry													
Pool													
Tobacco													
Health club													
Room service													
Banquet													
Seminars and conferences													
Restaurant													
Shop and Space Rental													
Other revenues													
Total taxable revenues	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	XXX
Tax exempted banquets													
Profits on exchange													
Any other tax exempt revenues													
Total tax exempt revenues	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	XXX
Total General ledger revenues	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	XXX
Revenues in balance sheet													XXX
Paid tax	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	XXX

Prepared by:

Signature:

Approved by:

Signature:



Attachment (4):

List of Violations of Financial Resources Directorate

(Hotel Establishments)



Sr. No.	Violation	First time	Second time	Third time
1	Delay in paying the declared fee at the time determined by the Financial Department in Sharjah Municipality. Period: 15 days from the end of the due month (i.e. the last day of the month).	Paying the fee plus a penalty of 3% of the tax value with a minimum of 1000 UAD (UAE dirham)	Paying the fee plus a penalty of 5% of the hotel tax value with a minimum of 2000 dirham	Paying the fee plus a penalty of 10% of the tax value with a minimum of 3000 dirham
<ul style="list-style-type: none"> if there is any time difference more than a year between the violation and the next one. the latter one shall be counted as a violation for the first time. If the fees and penalties of the establishment are not paid within three months at maximum from the due date. then the hotel establishment shall be closed. It will not be opened except after the full payment is made in coordination with the concerned authority. 				
2	Failure to have the Final Statement of Accounts and the Balance Sheet been approved by auditors certified to work in the Emirate of Sharjah by no later than (6) months from the end of the fiscal year.	Penalty of 10.000 dirham and obliging the establishment to approve the accounts. In case the next fiscal year lapsed without approving the first one. the hotel establishment shall be closed in coordination with the concerned departments . It shall not be opened except after approval of accounts of both years. without failure to collect the declared penalty(or after paying the declared penalty).		
3	Failure to prepare regular accounting registers or concealing data about the real realized revenues.	Penalty of 10.000 dirham for each month plus counting the realized revenues by a technical committee from Sharjah Municipality.		
4	Hindering an employee of Sharjah Municipality from performing his assignments (doing his job) or hindering him by any other method.	Penalty of 10.000 dirham without failure to refer the incidence to the security entities. if such is deemed assault on Public Employee during his work according to the applicable penalty law.		

