

SYRIAN ARAB REPUBLIC
MINISTRY OF TOURISM

Decision of the Supreme Council of Tourism No. 186 for 1985

And

Executive direction No. 8 for 1986 concerning exemptions and facilities extended to the sector
of tourism

April 1986

Decision No. 186

The prime Minister, Chairman of the Supreme Council of Tourism, based on the provisions of the legislative Decree No. 7 for the year 1984, and on the decision of the supreme Council of Tourism, taken in meeting No. 92 dated July 31, 1985

Decides the following;

Investment in the sector of tourism

Article 1 :

Shall be considered investment in the sector of tourism in the scope of applying the provisions of this decisions :

A- Erection, Extension, modernization, furnishing, management and exploitation of tourist accommodation establishment, hotel establishments, fixed camping installations and furnished apartments designated for tourist use, as well as, restaurants, night clubs, and mineral water baths which are considered touristic by decision of the Minister of Tourism.

B- Restoration, repairing and transferring archeological dwellings and buildings which must be preserved for use as tourist accommodation, or hotels, or restaurants or night clubs, provided not to be inconsistent with the archeological law.

C- purchase of constructions for use by the purchaser for tourist exploitation purposes, whether completed, half completed or used.

Beneficiaries of Decision provision

Article 2 :

The following investing parties meeting the conditions specified in this decision, shall benefit from its provisions :

A- Hotel establishments, tourist accommodation, establish-ments, and other tourist installations erected by the Ministry of Tourism, and exploited for its own account.

B- Tourist establishments of any kind whether their owners were natural or nominal persons, residents or non-residents, Syrians, Arabs or foreigners.

Tax Exemptions and Facilities Extended to Tourist Establishments

Article 3 :

owners and exploiters of hotels and tourist accommodation establishments of international standard and deluxe, as well as restaurants, night clubs, and complementary tourist services exploited in these hotels and establishments, shall benefit from the following tax exemptions and facilities :

A- Exemption from all taxes and municipal duties of any kind and nature, due to licensing and constructing these establishments.

B- Permission to import building materials, tools, equipments work vehicles, and furniture required for the erection, and furnishing these establishments up to the required standard, free from any tax, custom duties, of any kind or nature provided that the total values of such imports shall not exceed (50%) of the total estimated investment costs.

C- permission to import all what is required for the renewal of the equipment, materials and furniture in order to keep these establishments at their classified standard according to the approval of the Ministry of Tourism, and without such imports to benefit from the exemptions specified in paragraph (B) of this article, provided that the total amount of these imports shall not exceed in each year 3% of the gross revenue achieved during the previous year.

D- Owners and investors of hotels and tourist accommodation establishments covered by the provisions of this article, as well as restaurants night clubs, and other complementary tourist services that are exploited in these licenced establishments, shall be exempted from all Taxes and fiscal duties and their additions and supplements whatever, their kind or nature due on these hotels and tourist establishments for period of seven years from the starting date of their exploitation.

Article 4:

Owners and investors of hotels and accommodation establishments of the first and second standard, and restaurants, nightclubs, and other complementary tourist services, of same standards invested in such hotels and establishments, shall benefit from the following tax exemptions and facilities:

Exemption from all fiscal and municipal taxes and duties of any kind and nature due on licensing and erection of these establishments.

Permission to import building materials, tools, equipments, works, vehicles required for operation, and the furniture needed for erection, equipping and furnishing these establishments up to the required standard, exempted from all taxes, fiscal and customs duties of any kind and nature, provided no similar articles are available in domestic production of same quality in view of the ministry of tourism, provided that total value of such imports (30%) of the total estimated investment cost.

Permission to import what is required for the renewal of the furniture and equipments of these establishments as necessary to keep up with the standard in which they are classified, after obtaining the approval of the Ministry of tourism, and such imports shall not benefit from the exemptions specified in paragraph (B) of this article provided that the total amount of such imports shall not exceed in each year (3%) of gross revenue realized in the previous year.

owners and investors of hotels and tourist accommodation establishments, covered by the provisions of this article and the restaurants, night club, and the complementary tourist services invested in these licensed establishments, shall benefit from the exemption from all fiscal taxes and duties and their additions and supplements of any kind or nature on these hotels and tourist establishments during their exploitation for a period of seven years starting from the date of their exploitation.

Article 5:

A proportion of 50% of net annual profit liable to tax resulting from the exploitation of tourist establishments stated in this decision, shall be exempted from income tax on profits.

The provisions of the previous paragraph are applied on investors of tourist establishments as from the beginning of imposition of the tax in 1986.

Article 6 :

Imports referred to in article 3 and 4 shall take place directly in accordance with laws and regulations being in force in exception from regulations of restricting, monopolizing and prohibiting imports, after the approval of the Ministry of tourism.

Products thus imported shall be used exclusively for the benefit of the project for which they have been imported. Violators shall be sanctioned in accordance with laws and regulations being in force.

Article 7:

Every establishment covered by the provisions, of this decision shall be allowed to open an account in foreign currencies at the commercial bank in Syria, where all amounts transferred from abroad by Aral or foreign investors representing their contribution to the capital of the establishment shall be credited to such account, and all amounts used for financing the import of materials, equipments, tools and furniture necessary for the erection of each establishment covered by the provisions of this decision, shall be deleted to such account.

Abiding with what mentioned in article three and four of this decision, import operations related to the establishments covered by the provisions of this decision with respect to equipment, tools, furniture and materials required for the exploitation and operation of the establishment, may be financed by using up to 50% of the foreign currencies exchanged at the commercial bank of Syrian and earned as a direct result of the establishment concerned. The said bank shall keep a special register for this purpose for each establishment covered by the provisions of this decision

Import operations of the establishments covered by the provisions of this decision shall be exempted from the condition of waiting for their turn when opening the letter of credit

Repayment of expenditure in foreign exchange related to the tourist establishments covered by the provisions of this decision shall be paid from the proceeds of the foreign exchange accumulated in accounts at the banks from its participation in the capital and operational revenues.

Article 8:

Projects of integrated tourist compounds with all its parts there of may benefit from tax exemption and other privileges granted under the provisions of this decision provided that the proportion of the cost of residence establishments of the classes mentioned in article (3 and (4) of this decision shall not be less than (70%) of the total estimated investment cost of the compound and according its classification.

Article 9:

Upon the recommendation of the ministry of tourism, the Supreme Council of Tourism may grant other tax exemptions, privileges, and facilities in addition to those granted under the provisions of this decision and under the provisions of legislative decree No.46 for the year 1966 and its amendments, and legislative decree No.343 for the year 1969 to projects coming

under the national plan for tourism, as well as to projects which the Council decides to grant them the touristic character.

Article 10:

The Minister of Tourism shall issue the necessary instructions for the implementation of this decision.

Article 11:

The Supreme Council of Tourism decision No.180 dated December 17 1984, shall be annulled and is replaced by this decision.

Article 12 :

This decision shall be published in the official gazette and notified to whom shall be in charge of its implementation, and is considered valid from the date of its issuance by the Council.

Damascus 14 \11\1405 H-31\7\1985

President of the council of ministers,

Chairman of the Supreme Council of Tourism

Dr. Abolul Raouf Al kasseem

Directions No.8

Executive directions for decision No.186 dated 31\7\1985 issued by the prime minister, chairman of the Supreme Council of Tourism.

The Minister of tourism,

By virtue of provisions of legislative decree No.41 for 1972, and provisions of legislative Decree No.46 for 1966, amended by the law No.36 for 1972.

And decision No.186 dated 31\7\1985 issued by the prime minister. Chairman of the Supreme Council of Torsion, especially article 10 thereof.

And decision No.224dated 22\4\1985 stipulating the formation of a committee charged with drafting the executive directives of the financial, and foreign trade, and banking decision No. 186 mentioned above, and by virtue of Minutes of meeting of said committee dated 5.2.1986.

Hereby confirm the following directions

Chapter one, Definitions

Article 1:

In application of provisions of article (1) of decision no.186, dated 31.7.1985, the following terms shall have the meaning stated hereunder:

A- the hotel : A tourist establishment equipped with comfortable facilities assigned for lodging and other tourist services according to the classification of the establishment. It contains a number of rooms no less than the minimum specified by the classification and location of the establishment as prescribed by regulations approved by Ministry of tourism, the hotel should also be equipped with equipments and furniture specified by said regulations and in addition to services and activities for the guests and lodgers, the entertainment and cultural and commercial activities are considered as elements of the hotel, which form a part of it and are exploited within the hotel and so are the separate lodging wings bungalows constructed within its boundaries.

B- residence hotel: it is a tourist establishment equipped with comfortable facilities designed for lodging and other tourist services according to the classification. It includes a separate furnished apartments designed for temporary renting, in accordance with the regulations accredited by ministry of tourism. The entertainment, cultural and commercial activities are considered as elements of the residence hotel which form a part thereof and are exploited within it.

C- the furnished house : A tourist establishment as per definition of hotel, stated in paragraph (a) above, in which the number of rooms is less than 10 rooms and which satisfies the conditions laid down by the regulations approved by the ministry of tourism.

D- Apartments equipped for tourist use : It is an independent tourism house characterized by complete and full elegance and comfort, and equipped with the fullest modern hotel equipments as appropriate to its size ridge and should provide lodging services in accordance with the hotel system, and may provide food and drinks services, provided the number of room in no less than five in each apartment.

E - the chalet : an individual residence place used as a tourist lodging unit It includes sleeping, living and receiving rooms and sanitary utilities according to the regulations approved by ministry of tourism.

F - The motel : Is a lading establishment located on international high ways or touristic areas, and provides all necessary services for guests arriving by their own car (comfort, lodging, food). It can provide services for cars, and consists of separate or joined rooms in accordance with specifications approved by the ministry of tourism.

G - The bungalow : Is a separate building designed and assigned for lodging constructed within the limits of a touristic complex or center and related to it concerning supervision, management and services, and it contains one or more separate lodging units which meet the conditions and specifications accredited by the ministry of tourism.

H - the camp : Is a touristic lodging establishment constructed on piece of land and outfitted for erection of lodging units (tents or caravans). It contains communal (shared) services (showers, kitchens, warehouse, toilets and laundry places) for each group of lodging units. They many include provisions for entertainment services such as (tennis ground, swimming pool, children garden etc.....) in accordance with the Regulation accredited by the ministry of tourism.

I - mineral water bath (SPA) : Is a tourist center constructed near mineral waters springs, assigned to receive guests for purposes of recuperation and healing, and to benefit from the services provided within framework of treatment tourism in accordance with the regulations accredited by the ministry of tourism.

J - the restaurant : Is a tourist establishment designed to provide food and drinks to be served inside the restaurant. Considered as restaurants are clubs or public places which provide their guests with food and drinks, and in which the holding of banquetes and celebrations is considered as principal activity, in addition to other activities undertaken in accordance with regulations in force,

K - the nightclub (cabaret): Is a nightclub in which food and drinks are served as well as artistic shows, and has the specifications of restaurants, according to the regulations accredited by the ministry tourism.

L - the rest house: Is a tourist establishment located near public highways and includes the following services: (lodging units, maintenance services, car repair, fuel station, restaurant, bar) and many contain shopping centers, in accordance with the regulations accredited by the ministry of truism.

M- antique building: Is an antique building or house, which has been repaired and restored to good conditions and transformed into a tourist lodging establishment or a hotel, unit, or a restaurant or nightclub without violation of the law of antiquity.

N - the tourist complex : Is an integrated tourist unit located on a piece of land which comprises a number of the establishments enumerated in the above paragraphs and other complementary establishments which the Ministry of Tourism approves, provided that the number of beds for lodging is not less than 300 beds.

Chapter two

Establishments, which benefit from provisions of

Decision NO.186, dated 31/7/1985

Article 2:

The entities, which benefit from provisions of decision NO.186 for 1985 are the following investment enterprises, which fulfill and satisfy the conditions stated in said decision.

A - the hotel establishment and tourist lodging establishments and other tourist establishments set by the ministry of tourism for its own account.

B - tourist establishments of various kinds whether their owners or exploiters are natural or nominal persons, residents or non-residents Syrian Arabs, or Arabs or foreigners who exploit one of the following establishments.

Hotels of an international standard and those of deluxe, first and second level according to the specifications determined by the ministry of tourism.

Residence hotels of excellent, first and second level according to the specifications determined by the ministry of tourism.

Furnished houses of excellent, first and second level according to the specifications determined by the ministry of tourism.

Apartments equipped and outfitted for tourist use defined in Para. (d) Of article (1) above, which are subject to provisions of legislative decree NO.198 for 1961 in accordance with the specifications determined by the ministry of tourism.

Chalets group of excellent, first and second level which consist of ten chalets or (40) beds as a minimum, and which is under a unified management, indivisible or partition and contain complementary services (restaurant, playground, swimming pool and beach services etc).

Motels which contain 10 rooms or 20 beds as a minimum, of excellent first and second level according to the specifications determined by the ministry of tourism.

Camps containing 50 lodging units at least.

Tourist centers constructed near mineral waters baths (SPAS).

Antique buildings, which are exploited for tourism in accordance with paragraph (m) of article (1) above.

Restaurants of international, excellent, first and second level.

Nightclubs (cabarets) defined in paragraph (k) of article (1) above which are classified in "international level" or excellent, first and second level.

Tourist rests defined in paragraph (L) of article (1) above and classified in the excellent, first and second level.

Chapter three

Rules of import

First: materials and equipment allowed to be imported for hotels and lodging establishments after obtaining the primary technical pacification qualification.

Article 3 :

A - it is allowed to import building materials, instruments, equipments, and furniture required for the construction, equipping and furnishing of these establishments at the required level. Provided the total amount of these import does not exceed 50% of the total estimated investment costs of international and deluxe class establishments and 30% of total estimated investment cost of first and second level establishments. Provided that no local production of similar quality in the local product, in the estimation of the ministry of tourism for the first and second establishments

B - it is allowed to import work materials, food materials and drinks before starting the exploitation in order to cover the requirements of these establishments for the first three months of the beginning of the exploitation, provided that their cost is not to exceed the proportion of 10% of total cost of import mentioned in article (1) above.

C - import mentioned in the two articles above shall be financed out of what is available of foreign exchange for the establishment whether was that by letter of credit to be opened from its open account in the Syrian commercial bank, or by credit facilities, or by foreign loans.

N.B: this article was amended in reliance on instructions No. 13 Dated 23- 5- 1988

Article 4 :

The items of estimated investment costs are confined by the following :

A - land

If the land belongs to owners of the project, it will be considered as one of the estimated investment costs project, but not exceeding 20% of the total estimated amount of the project costs.

If the land is rented to an exploiter or a partner either for an annual rent, or for a fixed proportion of the profits the value of this land does not enter in the calculation of the project's estimated costs.

B - the building and decoration.

C - the equipment.

D - furniture and furnishing.

E - work vehicles.

F - operation materials.

The owner or investor shall abide by the plan and dates submitted by him at time of licencing.

Article 5 :

The above mentioned percentages, namely 50% indicated for hotels and lodging establishments of international level and excellent class, as well as the 30% for hotels and lodging establishments of first and second class, are considered an integrated whole, where their individual items complement each other, so that the owner or investor is entitled to import his requirements of materials and equipment within the proportions mentioned above.

Secondly :

materials and equipment allowed to be imported for restaurants, nightclubs, and mineral waters spas after obtaining the preliminary technical qualification.

Article 6:

It is allowed to import building materials, instruments, equipments, and furniture required for the construction, equipping and furnishing of these establishments at the required level. Provided the total amount of these imports do not exceed 50% of the total estimated investment cost of international and delux classes establishments and 30% of total estimated cost of first and second level establishments. Provided that no local production of similar quality in the local product, in the estimation of the ministry of tourism for the first and second level establishments. Noting also that these establishments must pay the customs duties and financial taxes plus surcharges levied on imports including fees of import licensing.

Article 7 :

It is allowed to import one work vehicle (truck) un-exempted from customs duties and other financial taxes including import licensing fees.

Article 8 :

It is allowed to import building materials, instruments, equipments, and furniture necessary for renovation of above-mentioned establishments in order to preserve the level in which they are classified upon approval of the Ministry of Tourism, provided that they pay the customs duties and a financial taxes and surcharges levied on imports including fees on import licensing, and provided also, that the total value of these imports does not exceed 3% every year out of the realized revenues of the previous year- all this taking into consideration the provisions of articles 11,12,13,14,15,16 and 17 of these directions.

Thirdly :

Cars that allowed to be imported for hotels and lodging establishments after the preliminary technical qualification.

A - it is allowed to import one or more small truck (closed or opened) according to the size of establishment as follow :

One truck for lodging establishments in which the number of beds does not exceed 150 beds.

Two trucks for lodging establishments in which the number of beds exceeds 150 beds

B - it is allowed to import one passenger vehicle (a bus or microbus) for hotels in which the number of beds is at least 80 beds for lodging establishments in the cities, and (50) beds for the establishments located outside the city limits, a second passenger vehicle (a bus or microbus) may be allowed to be imported for such establishments located outside the cities limits if the number of beds exceeds 100 beds.

C - trucks and passenger vehicles (bus or microbus) necessary for tourist complexes are allowed to be imported according to the specified accredited regulations of the Ministry of Tourism.

D - approval of importation of the above mentioned vehicles shall be made after carrying out the preliminary technical qualification, and shall not be imported before carrying out the preliminary classification of the establishment and putting it under exploitation.

Article 10 :

For the truck vehicle, the following shall be required:

A- the load box must be designed for the type of work for which it will be used, provided the box is generally and basically uncovered. The load box may be exceptionally closed for vehicles of transport services of tourist establishments intended for transport of supplies, which may be exposed to damage when the load box is not covered or closed.

B- when box load in such a vehicle is covered or closed, the following conditions must be satisfied:

It should not be similar to passenger cars.

There must be a full barrier between the load box and the driver's cabin.

Its gross weight must not exceed 3500 kg in conformity with 14 ministry of transport circular NO.4298/56 dated 5/5/1979.

C - its area of work and travel is confined to the governorate in which the establishment is located. Other governorates may be added by approval issued by Ministry of Tourism.

D - the following data must be written clearly and legally on both sides of the vehicle:

Car category, source or authority of its approval, its region of work and travel.

E - that the transport on such a vehicle is made exclusively for the business of establishment to which it belongs.

Fourthly :

Materials and equipment allowed to be imported for renovation works of hotels and lodging establishments

Article 11:

A - upon approval of the ministry of tourism, it is allowed to import what is necessary to renovate the materials, furniture, and equipments of these establishments in order to maintain the standard in which they are classified. Such imports do not benefit from exemption from taxes customs duties and financial fees, provided that the total value of these imports does not exceed each year 3% of the turnover (total revenue of the tourist establishment) realized in the previous year.

Replacement and renovation appropriations may be carried over from one year to another, and the replacement and renovation shall be formulated in a time schedule agreed upon with Ministry of Tourism.

B - it is allowed to import operation requirements and foodstuff and drinks needed to operate the establishments covered by the rules of this decision which are not locally produced or available. (In accordance with the list mentioned down), and that will be after the approval of the Ministry of Tourism on each request, provided that these imports shall not benefit from the exemption of taxes custom duties and financial fees.

List of operation materials, foodstuff and drinks allowed to be imported:

1 - Operation materials :

All kinds of porcelain (plates, cups and kettles)

Glass materials for services (glasses, saltcellars, and kettles)

Cutleries (forks, spoons, knives and silver wares).

Table napkins, towels for the table, bed covers and pillow covers (different linen).

Wooln blankets and summer blankets, different sizes bath rooms towels, toilet paper, paper kerchiefs, soap specially for hotels different kinds of detergents).

2-Foodstuff:

Rice, sugar, coffee, vegetable oil, gee, macaroni, vermicelli, butter, dried milk, imported cheese, olive oil, canned food (vegetables, compote, marmalade, mushroom, asparagus, palmito, artichoke), Nescafe, maize oil all kinds of nuts, dried soup (powder and cubes), ice cream powder, different kinds of salad (dry and fluid, spices-peppers, catchup, mustard.

Fishes (shrimp and other kinds unavailable locally) chicken, beef, jambon (pork and bacon).

3 - drinks :

Different kinds of wine, all kinds of whisky, beer, champagne, gin, vodka, arak, tunic, cognac, mineral water, all kinds of canned juice, carbonated water drinks.

C- the price of these imports mentioned in paragraph A and B above, shall be paid by credit facilities out of the opened accounts of the establishments in the Syrian commercial bank, and by the foreign exchange kept in the bank at a proportion of 50% of their investments resulting from their working operations. (These two articles B and C) were added pursuant to regulations No. 13 dated 23/5/1988.

Fifthly:

provisions of granting import licenses.

Article 12:

The required import licences shall be granted and issued by the competent foreign trade departments for import of items stated in chapter three of these directions in favor of the concerned establishments and as exception from import prohibition regulations.

Provisions of confining and restricting import to one of the public sector organizations, and the system of requiring direct importation

Requirements of obtaining approval from certain public organization.

Article 13:

Import applications submitted to foreign trade departments by beneficiaries of provisions of decision no 186/1985 must be accompanied by written approval issued by the Ministry of Tourism.

Containing: the approval of import of the materials and quantities specified in the import application, and that the materials are required for the construction, equipping, and furnishing the tourist establishment concerned, and that the tourist establishment applying for import is eligible under provisions of decision No 186 for 1985, and the value of its imports is within the percentage stipulated in said decision, and these will be confirmed in the approvals of the Ministry of Tourism accompanied to the application.

Article 14:

Applicants for import of materials, equipments, and furniture required for the establishment (in order to maintain its rating in which it is classified) must attach with their application previous balance sheet confirmed from the concerned financial department, which proves the realized turnover figure.

Article 15:

Import applications submitted to foreign trade departments by beneficiaries of decision No.186 for 1985, should be accompanied with written approvals issued by the Ministry of Tourism which contain the following: that the import of materials, equipments, and furniture listed in the application is necessary for the renovation and the continued exploitation and operation of the establishment concerned, the turnover figure realized in the previous year, and the approvals of the Ministry of Tourism accompanied with the application and submitted to the foreign trade departments shall indicate that the value of those imports are within the percentages specified in decision No.186 for the year 1985.

Article 16:

Import licenses and approvals-duly granted to the tourist establishments concerned by foreign trade department- shall provide for settlement of value of said imports through letters of credit out of proceeds of these establishment accounts opened in foreign exchange at the commercial bank of Syria, and they shall be exempted from the waiting list system applied in opening letters of credit.

Article 17:

A - the requirements of tourist establishments covered by decision n0. 186 for 1985, which are set up in the Syria Arab Republic, shall be provided by the resident Syrians, for import of materials, equipment, and furniture, by means of bills of lading in collection against credit facilities for a period not less than 180 days.

B - bills of lading coming through the commercial bank of Syria shall be delivered against payment of an advance amounting to 50% of equipment value in Syrian pounds, as an advance held until settlement of the transaction duly.

C- the advance payment mentioned above in the previous paragraph shall be duly returned after expiration of term of the credit facilities granted to the concerned tourist establishment.

Chapter four

Control over the exempted materials

and ascertaining of their proper use

Article 18:

The beneficiaries from the exemptions and facilities stated in decision No.186 for 1985 must abide by the following:

A - keeping systematic commercial accounting books

B - keeping systematic books and records duly approved by the Ministry of Tourism for recording the furniture and fixed equipment benefiting from exemptions and facilities and for regulating their use.

C - to maintain and preserve the rating level in which the establishment was classified when the exemption was granted, and that it fulfils the purpose for which it was established.

D- to continue the exploitation of the establishment for a period not less than 15 years from inception of exploitation directly or indirectly from the date of issuance of the resolution of provisional classification or after the passage of three years from date of the technical qualification, whichever is nearer.

Article 19:

The competent offices at the customs, finance, and municipal departments shall keep the necessary records of taxes and duties from which exemptions were made in order to reclaim them if so required.

Article 20:

The beneficiaries from exemptions and facilities stated in decision No. 186 for 1985 must submit an undertaking (as per specimen No.1 attached herewith to the Ministry of Tourism in which they undertake in particular as follows:

A- to keep and maintain books and records mentioned in Para (a and b) of article 18 above, in accordance with the attached specimen no.2.

B- to submit all records and other documents by which the import of equipment of hotel or establishment was affected, if and when were asked for by customs authorities.

Article 21:

With regard to control over the proper use of materials which were entered free from duties, customs regulations require at the concerned regional customs department to comply with the following:

A - maintain a special register for recording the imported materials with exemption in detail, and showing the amount of exempted duties and places of their use.

B - keeping copies of manifests of each establishment in a special serially arranged file.

C - ascertaining that the exemption beneficiary is truly maintaining the required commercial records specified in para (a and b) of article 18 above.

D - conforming the opened register in the customs department with the opened registers by the benefiting side from exemptions and facilities, and this shall be performed by the customs inspection chief, and customs inspector.

E - non compliance with the paragraphs (c and d) of article 18 above will make the owners and exploiters jointly liable for the amounts of exemptions and facilities which these tourist establishments and projects had previously obtained. that is recourse on said establishments with the amounts of such exemptions.

Chapter five

Taxes exemptions

Article 22:

Exemptions from taxes, financial and municipal fees and the advantages extended and granted to tourist establishments are divided as follows:

A- the exemptions granted to hotels and tourist lodging establishments of international standard, and excellent class, and to restaurants, cabarets and complementary tourist services which are exploited within such hotels and establishments:

Exemption from all taxes, financial and Municipal fees whatever their types and nature which are levied on licensing and constructing these establishments, provided that the establishment has obtained the initial technical qualification from the Ministry of Tourism in one of the above mentioned standards or classes, excluded from these exemptions: stamp fee tax and other taxes levied on the financing contracts.

Exemption from all taxes and customs and financial duties whatever their type and nature which are related to import of building materials, instruments, equipment and work cars and furniture required to construct and equip these establishments at the required level, provided the amount of imports not exceeding 50% of total established investment cost.

Exemption from all taxes and financial duties and their surcharges and complements whatever their type and nature levied on these hotels and tourist enterprises during exploitation for a period of seven years starting from date of their exploitation which shall be determined after the elapse of three years after the primary technical qualification of the establishment or date of issuance of the primary decision of the committee of classification whichever is nearer.

Exemption from income tax levied on profits in a proportion of 50% of net annual taxable profits arising from exploitation of the tourist establishments, after the expiration of the seven years and starting from the year of imposition 1986.

B - exemptions granted to hotels and lodging establishments of first and second level, and to restaurants, cabarets, and complementary tourist services of these levels, which are exploited within these hotels and establishments.

All exemption referred to in the preceeding paragraph shall be applied taking into consideration that imports value do not exceed 30% of estimated total investment costs: provided that no products of similar quality exist in local markets in the estimation of Ministry of Tourism.

C - exemption granted to restaurants and nightclubs and mineral water spas considered to be for tourist purposes by a decision issued by Minster of Tourism.

Exemption from income tax on profit of 50% of net annual profits liable to tax arising from exploitation of restaurants of tourist levels specified in the Minstar of Tourism's decision No.593 dated 20/12/1984 and nightclubs and mineral water spas of tourist levels which will be specified by a decision from the Minister of Tourism starting from the year of imposition 1986.

D - exemptions and advantages granted to tourist establishments covered by provisions of decision no. 186 for 1985, which were in exploitation before its issue, whether they benefit or not from provisions of legislative decree no.46 for 1966 and its amendments.

Hotels and tourist lodging establishments of international standard and excellent first and second class and Tourist level restaurants specified in Minister of Tourist decision no.593 for 1948 as well as nightclubs, mineral water spas of tourist level to be specified by a decision from the Minister of Tourism, shall benefit from the following exemptions and advantages:

exemption from income tax of 50% out of net annual taxable Profits starting from the year of imposition 1986, if the position of these establishments is settled or adapted during this year, otherwise, the exemption will begin from the year in which the position is settled and adapted in accordance with the instructions which will be issued by the Ministry of Tourism concerning settlement of the status.

import of one truck and microbus is not exempted from customs duties and other fiscal taxes in accordance with the conditions stated in section three of chapter three above.

They benefit from the right of import their requirements for renovation of furniture and equipment in order to maintain the level in which they are classified upon approval of Ministry of Tourism, provided they pay customs duties and fiscal taxes with their additions which are imposed on import, including import licensing fees, and on condition that the total value of these imports does not exceed each year 3% of turn over figure realized in the proceeding year, and all this with the observance of provisions of articles 11, 12, 13, 14, 15, 16, and 17 of these directions.

E- all these exemptions shall be fully cancelled and the customs duties and fiscal taxes from which these tourist establishments were previously exempted will become due and payable in the events of one of the following cases:

Not maintaining the class level in which the establishment was classified. When the exemption was granted and non- performance of purpose for which it was established, in accordance with classification decision issued by Ministry of Tourism, this will not apply on tourist establishments which classified level to lower level originally enjoying the exemption according to decision No. 186 for 1985. The cancellation of exemption shall be applied fully especially when the classification level declines from a level originally benefiting from exemption to level not enjoying such exemptions.

Commercial activities resulting from exploitation of trade shops located within the hotel or the tourist establishment even if they form part of same, shall not benefit from exemption facilities and concessions stipulated in decision No. 186 for 1985, this means that they do not benefit from terms of import, banking facilities and tax exemptions.

Exploiters and owners of establishments covered by decision No. 186 for the 1985 are exempted from the taxes and fees payable on import licenses related to construction and equipping.

Import licenses required for renovating or operating the establishment are not exempted from taxes and fees referred to in the proceeding paragraph (F) above.

Chapter 6

Terms of dealing with the commercial bank of Syria.

Article 23 :

each tourist establishment covered by the provisions of decision No. 186 for 1985 is permitted to open an account in foreign exchange, and funds coming from abroad from Arab or foreign investors which represent their participation in the capital of the establishment shall be recorded in the credit side of said account, and in the debit side shall be recorded all funds used to finance import of materials, instruments and equipment, furniture and work cars required for the exploitation of any establishment covered by said decision.

Subject to provisions of articles 3 and 4 of said decision, it is allowed to finance import transactions for establishments covered by its provisions for materials, instruments, furniture and equipment, necessary for exploitation and operation of each establishment within limit of 50% of the foreign exchange changed at the commercial bank of Syria which result from operating activities of each establishment a special register shall be opened in said bank for each establishment covered by decision 186 for 1985.

The Central Bank of Syria shall authorize each of the tourist establishments benefiting from provisions of decision No. 186 for 1985 especially paragraph (B) of article 7 thereof, to buy foreign currencies from non-Arab Syrians for the account of commercial Bank of Syria in payment of bills in conformity with the valid regulations issued by Ministry of Economy and Foreign trade. The establishment then forward these currencies to the commercial Bank daily.

Tourist establishments beneficiaries of said decision shall provide the Bank daily with list attached with notices and copies of bills of each establishment, where by the said bank shall check them and buy 50% of the value of these bills in foreign currency at the tourist rate and register the remaining 50% in the opened account of the establishment in the bank in foreign currency.

The central bank shall perform subsequent checking of the operations of value of the bills through the attached notices to them constantly and periodically.

Expenditures in foreign currencies of establishments covered by decision No. 186 for 1985 shall be settled from the foreign exchange proceeds accumulated in their account at the banks from capital subscriptions and revenues of operation. By expenditure is meant those financial charges incurred on tourist establishments as a result of exploiting and operating these establishments which have to be settled in foreign currency including settlement of obligations arising from repayment of loans and their interests.

Every tourist company in the stage of establishing which the project of its establishing contract stipulated to set up one or more than one establishment which are covered by the provisions of decision No. 186 for 1985, and intended to have capital subscriptions in foreign currency from Arab or foreign investors by a written approval of the Minister of Economy and Foreign Trade at the requested of the minister of tourism, shall be allowed to open an account in foreign currency. This account shall be used to keep the capital subscriptions in foreign exchange which are duly transferred from the Arab and foreign subscribers in the said company and in accordance with what is in paragraph (A) above of this article. This paragraph is added based on instructions No. 14 dated 26.03.1973.

Chapter 7

Projects of Tourist Complexes

Article 24 :

Tourist complexes projects which are integrated in all their parts may benefit from tax exemptions and facilities granted by decision No. 186 for 1985 provided the two following conditions are met.

That the project in all its parts has obtained the primary technical qualification.

That the proportion of costs of lodging establishments is not less than 70% of the total estimated investment costs. Lodging establishments mean these establishments enjoying advantages and exemptions stated in decision No. 186 for 1985. If this proportion is not actually realized upon finishing the complex, it will be divided into establishments whereby provisions of decision 186 for 1985 would be applied to each one, as well as the provisions of regulations in force, and the value advantages discrepancies granted to the complex shall be recovered by virtue of article (11) of said decision.

Chapter Eight

Authorities vested with intermediation

Article 25 :

the General Organization for Execution of Tourist Projects together with the concerned directorate at the Ministry of Tourism, each according to its specializing, shall determine the quantities of materials, equipment furniture and number of work cars which are referred to in the instruction above, and duly submitted by the person concerned or per official lists duly certified by a supervising engineer accredited for the project.

The Ministry of Tourism shall mediate at the concerned official authorities to facilitate granting of approvals in due manner.

Chapter 9

General Provisions

Article 26:

Provisions of these directions shall be applied to the following establishments:

establishments which obtain primary technical qualification after the date of validity of decision No. 186 for 1985.

Establishments which have primary technical qualification and not being put in exploitation before issuance of said decision.

Establishments bought for purpose of being utilized by the buyers for tourist exploitation, whether they are completed or half completed or under exploitation, provided that buying the establishment under exploitation does not affect the date of inception of exploitation as defined in paragraph (A-3) of article 22 of these directions.

Tourist establishments whose status are settled and adjusted in accordance with provisions of decision No. 186 for 1985, and decisions of classification of establishments issued by Ministry of Tourism.

Article 27

These directions shall be notified to whom it may concern.

Damascus 12.03.1986

Minister of Tourism

Dr. Nawras Al Daker

Specimen No. 1

Undertaking

Having perused and seen the provisions of the legislative decree No. (46) for the year 1966 amended by law No. 36 dated 23.08.1972 especially article (7, 8) thereof and decision of the Supreme Council of Tourism No. 186 for 1985.

We hereby declare that all imported and entered materials whose importation and entry is requested by us complying with the provisions of the above mentioned decree and decision, as per the proforma invoice enclosed with our petition registered with you under No. / / on / / necessary for project of :

Which was approved by you to be named :

And which we are constructing on land property No. / / land lot No. / / located in district in the city of at the required level, and that no materials of similar quality exist in local production, and that they will be exclusively used for the (construction- equipping- Furnishing) of this project bearing full legal responsibility before the competent official authorities and departments for any misuse or deficiency or loss of these materials without justification, after they have received the said project and equipping it.

Project Proprietors