



Fact Sheet 3: Tax support for Individuals & Businesses

Overview

The Cook Islands Government's economic response to the COVID-19 pandemic includes the following tax support measures for individuals and businesses:

- Income tax credit of \$2,000 for short-term accommodation providers with up to 10 beds.
- Provisional tax adjustments:
 - businesses and individuals can re-estimate their provisional tax;
 - early refunds where provisional tax has been overpaid;
 - the provisional tax threshold increased from \$2,000 to \$5,000.
- Tax relief through payment instalment arrangements and serious financial hardship measures.

Estimated total cost

The estimated total cost of the tax support measures is \$2.2 million. This includes:

- \$0.4 million for the income tax credit for small accommodation providers;
- \$1.8 million provisional tax adjustments.

Timing and administration

Income tax credit for short-term accommodation providers

Objective

Short-term accommodation providers are an important part of the Cook Islands tourism industry. To assist these providers, an income tax credit of \$2,000 is available for short-term accommodation providers with up to 10 beds.

About the income tax credit

An income tax credit will be provided to all registered short-term accommodation providers with up to 10 beds. The maximum tax credit that any one short-term accommodation provider can receive is \$2,000. This measure will be implemented by the Revenue Management Division (“Revenue Management”) of the Ministry of Finance and Economic Management.

How to qualify

- Your business must be registered with Revenue Management and operating in the Cook Islands.
- Unregistered short-term accommodation providers must register with Revenue Management before 30 April 2020.
- Your short-term accommodation facilities can have up to a maximum of 10 beds.

How to apply

You will apply for this tax credit by signing a declaration confirming that you meet the qualifying criteria. This declaration will form part of your 2020 income tax return.

If you have any queries about this measure please contact Revenue Management by email at tax.info@cookislands.gov.ck and enter “Income tax credit for small short-term accommodation providers” in the subject line. If you are unable to send an email Revenue Management can be contacted on +682 29365.

Provisional tax adjustments

Objective

The objective of this measure is to provide financial assistance through refunds of provisional tax overpayments and through an increase in the provisional tax threshold to assist with cash flow.

About the estimation or re-estimation of provisional tax

Some taxpayers provided and paid their provisional tax estimates to Revenue Management before the onset of the COVID-19 pandemic. For this reason your earnings have may have been overestimated. If your circumstances have changed due to COVID-19 (novel coronavirus), you may be able to make an estimate or re-estimate of provisional tax. We can also arrange early refunds if provisional tax has been overpaid.

How to apply

- Complete the application form which is contained on the Revenue Management’s website (mfem.gov.ck/rmd-tax).
- Send the completed application form to Revenue Management by email at tax.info@cookislands.gov.ck with the subject line “Estimation / re-estimation of provisional tax”.

Queries can be sent to Revenue Management at tax.info@cookislands.gov.ck. Note that telephone support on +682 29365 will be strictly limited over the next few months.

About the increase in the provisional tax threshold

To provide additional relief, the threshold for provisional tax has been increased from \$2,000 to \$5,000. This measure will be implemented by Revenue Management. This applies to provisional tax for the 2020 and subsequent tax years.

If you have previously been assessed and your provisional tax payable for the 2020 tax year is between \$2,000 and \$5,000 this will automatically be reassessed by Revenue Management.

If you have paid provisional tax relating to the 2020 tax year but are no longer liable for provisional tax, refunds of the amount paid can be arranged.

How to apply

If you think you may be entitled to a refund of provisional tax paid for the 2020 tax year as a result of the increase in the provisional tax threshold, please contact Revenue Management by email at tax.info@cookislands.gov.ck with the subject line "Provisional tax refund".

Queries can be sent to Revenue Management at tax.info@cookislands.gov.ck. Note that telephone support on +682 29365 will be strictly limited over the next few months.

Tax payment relief

Objective

The objective of this measure is to provide case-by-case tax relief to a taxpayer facing serious hardship or experiencing cash flow issues due to a down turn in business related to COVID-19.

About the tax payment relief

- If you are having difficulty paying outstanding tax Revenue Management can help set up a temporary payment installment arrangement or adjustment of a current payment installment arrangement.
- In some circumstances a taxpayer's tax debt is written off due to serious financial hardship. Tax losses carried forward will be reduced in proportion to any amount written off.

How to arrange or alter an existing payment installment arrangement

- Complete the payment installment arrangement application which can be obtained from Revenue Management's website (mfem.gov.ck/rmd-tax).
- Send the completed application form to Revenue Management by email at tax.info@cookislands.gov.ck with the subject line "Installment arrangement".

How to apply for a serious financial hardship write-off

- Complete the serious financial hardship application form which is contained on the Revenue Management's website (mfem.gov.ck/rmd-tax).
- Send the completed hardship application form to Revenue Management by email at tax.info@cookislands.gov.ck with the subject line "Serious financial hardship application".

Any queries can be sent to Revenue Management at tax.info@cookislands.gov.ck. Note that telephone support on +682 29365 will be strictly limited over the next few months.

For further information contact

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