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**An Act to amend the Value Added Tax Act 1997 to provide—**

- (a) for a tax amnesty and tax debt forgiveness:
- (b) to enable administrative procedures under the Act to be performed electronically.

(23 June 2017)

**The Parliament of the Cook Islands enacts as follows—**

- 1 Title**  
This Act is the Value Added Tax Amendment Act 2017.
- 2 Commencement**  
This Act comes into force on the day on which it receives the Queen's Representative's assent.
- 3 Principal Act amended**  
This Act amends the Value Added Tax Act 1997.
- 4 Section 2 amended (Interpretation)**  
Section 2 is amended by inserting the following definition in its appropriate alphabetical order—  
“records has the same meaning as in section 42(1)”.
- 5 New sections 32A and 32B inserted**  
The following sections are inserted after section 32—

**“32A Relief from additional tax**

On application for relief made in writing by or on behalf of any taxpayer who, as at 1 August 2017, is liable for the payment of any additional tax under section 24, the Collector must remit the whole of that additional tax if—

- “(a) the taxpayer has paid all other outstanding value added tax (if any) that is payable by the taxpayer up to that date and the taxpayer enters into an agreement with the Collector under which the taxpayer agrees, on terms acceptable to the Collector, to meet the taxpayer’s other existing and future obligations under this Act; or
- “(b) the taxpayer enters into an agreement or arrangement with the Collector under which the taxpayer agrees, on terms acceptable to the Collector,—
  - “(i) to pay all that other outstanding value added tax to the Collector under a payment arrangement with the Collector; and
  - “(ii) to meet the taxpayer’s other existing and future obligations under this Act.

**“32B Tax amnesty for previously undeclared amounts**

- “(1) A registered person who, before 1 August 2017, has not declared any amounts referred to in section 16 on which tax is payable, may declare those amounts in a return provided to the Collector under this section and take advantage of the provisions of this section.
- “(2) The return of those undeclared amounts must be made during the amnesty period.
- “(3) The registered person must pay the tax payable on the undeclared amounts and, in addition, pay a penalty equal to 20 percent of the amount of the tax payable on the undeclared amounts.
- “(4) The payments under subsection (3) must be paid to the Collector within the amnesty period or under a payment arrangement acceptable to the Collector.
- “(5) If the registered person pays the amounts referred to in subsection (3) in accordance with this section,—
  - “(a) the payment of the outstanding tax and the penalty are regarded as the final tax and penalty payable in respect of the amounts for which the payments are paid; and
  - “(b) no legal proceedings may be brought against the registered person in respect of the amounts declared under this section.
- “(6) For the purposes of this section, **amnesty period** means the period that begins on 1 August 2017 and ends with the close of 31 December 2017.”

**6 Section 41B amended (Penal tax)**

Section 41B(1)(b) and (2)(b) are amended by deleting “or documents”.

**7 Section 42 amended (Keeping of records)**

Section 42(1) is amended—

- (a) by omitting “section” and substituting “Act”; and

- (b) by inserting “; and any document referred to in this subsection that is in an electronic format is a record for the purposes of this Act” after “entries in the books of account”.

**8 New section 47B inserted (Application of electronic tax system)**

The following section is inserted after section 47A—

**“47B Application of electronic tax system**

- “(1) Despite the other provisions of this Act, the Collector may authorise all or any of the following to be done electronically through a computer system or mobile electronic device—
- “(a) the filing of an application for registration or cancellation of registration:
  - “(b) the filing of a tax return or other document:
  - “(c) the payment of value added tax and other amounts:
  - “(d) the payment of a refund of value added tax:
  - “(e) the service of notice of any document by the Collector:
  - “(f) the doing of any other act or thing that is required or permitted to be done under this Act.
- “(2) Subject to subsection (4), the Collector may direct that a person or class of persons is to do any act or thing referred to in subsection (1) electronically through the use of a computer system or mobile electronic device.
- “(3) Subject to subsection (4), the Collector may do any act or thing referred to in subsection (1) electronically through the use of a computer system or mobile electronic device.
- “(4) Subsections (2) and (3) do not apply to a taxpayer if the Collector is satisfied that the taxpayer does not have the capacity to receive or make communications or payments electronically.
- “(5) For the avoidance of doubt, an electronic communication made by, or to, the Collector under subsection (2) or (3) is treated as a notice in writing.
- “(6) Regulations under this Act may prescribe or provide for the procedures for the doing of any act or thing electronically under this section.”

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This Act is administered by the Revenue Management Division of the Ministry of Finance and Economic Management.

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