



ANALYSIS

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1990, No. 10

An Act to amend the Income Tax Act 1972

(6 December 1990)

BE IT ENACTED by the Parliament of the Cook Islands in Session assembled, and by the authority of the same, as follows:

1. Short Title and Commencement - (1) This Act may be cited as the Income Tax Amendment Act 1990.

(2) This Act shall come into force on the 1st day of January 1991.

2. Interpretation - In this Act, unless the context otherwise requires -

"principal Act" means the Income Tax Act 1972 and includes all amendments thereto.

3. Special Exemption for Life Insurance Contributions - The principal Act is hereby amended by repealing section 46 thereof and substituting the following -

"Section 46. Special Exemption for Life Insurance Contributions - (1) For the purpose of assessing income tax every taxpayer (other than a taxpayer to whom Section 47 of this Act applies) who pays premiums for the taxpayer's own benefit or for the benefit of the taxpayer's spouse or children (including a step child, adopted child, or foster child) towards a qualifying life insurance policy shall be entitled to a deduction by way of special exemption from his or her assessable income for any income year, of the amount of these premiums -

(a) a qualifying life insurance policy shall be a policy issued by an Insurance Company incorporated in the Cook Islands and approved by the Collector of Inland Revenue on which the policy term shall be at least 10 years, or five years where the maturity date of the policy is not before the 60th birthday of the life assured;

(b) the Collector may approve the exemption with respect to a life insurance policy not otherwise qualifying, where he believes that the insurance company issuing the policy is reputable and solvent, and the company meets its tax obligations in the Cook Islands, or the policy holder meets the company's obligations pursuant to section 36 of the Turnover Tax Act 1980.

(2) A deduction by way of a special exemption pursuant to this section by a taxpayer in respect of any income year shall not exceed in the aggregate the sum of \$2,000.

(3) The Collector may, in his discretion, disallow a deduction by way of special exemption in respect of premiums paid for any policy of life insurance surrendered within 5 years of the commencement of that policy.

(4) Where the Collector disallows a deduction by way of special exemption he may make or amend any assessment or assessments of the taxpayer for any year without allowing that deduction. For the purpose of giving effect to this subsection, the Collector may amend any assessment or assessments of the taxpayer at any time, notwithstanding anything in section 23 of this Act.

(5) This section shall not apply to any premiums in respect of which a deduction has been allowed under any other provision of this act."

4. Incomes wholly exempt from taxations - The principal Act is hereby amended by repealing subsection 48(f) thereof and substituting the following -

"(f) Income from a superannuation fund and income derived by the trustees of a superannuation fund."

5. Rebate in respect of low income earners - The principal Act is hereby amended by repealing section 45A thereof and substituting the following -

"45A Rebate in respect of low income earners - (1) Where in any income year a taxpayer has an assessable income of \$5,000 or less, there shall be allowed from the income tax payable, a rebate equal to the amount of such income tax.

(2) Where in any income year a taxpayer has an assessable income greater than \$5000 and less than \$5500 there shall be allowed from the income tax payable a rebate of \$500 diminished by \$0.78 for each complete dollar of taxable income which exceeds \$5,000.

(3) The provisions of this section shall not apply to -

(a) an absentee; or

(b) any company, body corporate or trust."

6. Rebate for expenditure on energy conservation - Section 6 of the Income Tax Amendment Act (No.2) 1989-90 is hereby amended as follows -

(a) in the first paragraph, by deleting the word "46A" and substituting it with the word "46B".

- (b) in the second paragraph, by deleting the word "46B" and substituting it with the word "46C".

This Act is administered by the Inland Revenue Department