



## ANALYSIS

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| 1. | Title<br>Short Title and commencement | 2. | Deductions for repair maintenance<br>and depreciation<br>Schedule |
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1997, No. 5

An Act to amend the Income Tax Act 1972

(25 March 1997)

**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 1997 and shall be read together with and deemed part of the Income Tax Act 1972 (hereinafter referred to as "the principal Act").

(2) This Act shall come into force on the 1st day of April 1997.

2. Deductions for repair maintenance and depreciation - Section 65 of the principal Act is hereby amended by inserting the following subsections after subsection (4)-

"(5) Notwithstanding the actual useful life of the asset, in calculating the deduction which the Collector allows under the final proviso to subsection (1) on account of depreciation of an asset used in the production of income, the annual rate of depreciation will be one hundred percent (100%) of the asset acquired by the taxpayer on or after 1 April 1997, and has not been used or held for use in the Cook Islands, other than as trading stock, by any person before the date upon which the taxpayer acquired it.

Price \$1.50

- (6) Subsection (5) will not apply in respect of assets -
- (a) listed in the Fifth Schedule; or
  - (b) used or held for use by the taxpayer as part of a business if, in respect of the income derived by the taxpayer from the business in the year in which the asset is acquired, the taxpayer is entitled to an income tax concession under -
    - (i) section 63; or
    - (ii) Part VII of the Development Investment Board Act 1996".
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This Act is administered by the Ministry of Finance and Economic Management

**SCHEDULE**

**Fifth Schedule**

Assets not eligible for 100% depreciation rate

Buildings principally used for private residential or ancillary purposes.

Motor cars, except when acquired for use principally in the business of renting cars.

Furniture and fittings of any dwelling, except when acquired for use principally in the business of operating a hotel, motel or other premises for hire or accommodation.

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