



ANALYSIS

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| Title | |
| 1. Short Title | 7. Incomes wholly exempt from taxation |
| 2. Application | 8. Refund of dividend tax on dividend income derived by certain companies |
| 3. Special exemption for absentees | 9. Payment of tax |
| 4. Special exemption for a married woman | 10. Annual report |
| 5. Special exemption for dependent relatives | 11. Interpretation |
| 6. Special exemption for education of children | |

1970, No. 9

An Act to amend the Income Tax Act 1968-69

(22 September 1970)

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

1. Short Title - This Act may be cited as the Income Tax Amendment Act 1970, and shall be read together with and deemed part of the Income Tax Act 1968-69.
2. Application - This Act shall apply with respect to the tax for the year of assessment that commenced on the first day of January, nineteen hundred and seventy, and for every subsequent year.
3. Special exemption for absentees - The principal Act is hereby amended by repealing section 42, and substituting the following section:-

"42. Every absentee who has derived income from his personal services (being services performed for or on behalf of any other person) while personally present in the Cook Islands in an income year shall, for the

purpose of assessing income tax on the assessable income so derived by him from the Cook Islands in the income year, be entitled to a deduction by way of special exemption from that assessable income of an amount equal to the same proportion of every deduction by way of special exemption to which he would have been entitled under sections 43 to 48 of this Act if he were not an absentee as the proportion that -

- (i) If he was paid for regular pay periods in respect of those services, the number of weeks for which he was so paid in the income year bears to fifty-two:
- (ii) In every other case, the number of days for which he was paid for those services in the income year bears to the number of days in the income year."

4. Special exemption for a married woman supporting husband - (1) Section 45 of the principal Act is hereby amended by omitting from subsection (1) the words "diminished at the rate of one dollar for every complete dollar of the excess of the income derived by her husband during the income year over four hundred dollars", and substituting the words "provided that her husband is unable, through ill-health, to derive income".

(2) Section 45 of the principal Act is hereby further amended by repealing subsection (2) and subsection (3).

5. Special exemption for dependent relatives - Section 48 of the principal Act is hereby amended by inserting the following words after the word "relatives" in subsection (5) "of which not more than two shall be over the age of sixteen years at any time during the income year".

6. Special exemption for education of children - Section 49 of the principal Act is hereby amended by inserting after the words "four hundred dollars", the words "in respect of all children".

7. Incomes wholly exempt from taxation - Section 52 of the principal Act is hereby amended by inserting after paragraph (v) the following paragraph:-

"(w) Income derived by any person (not being a company, or a public authority, or an unincorporated body, or an absentee, or a trustee assessable and liable for income tax under paragraph (a) or paragraph (b) of section 88 of this Act) from interest (not being interest that is exempt from income tax under any other provision of this section):

Provided that the amount of the exemption under this paragraph in any income year shall not exceed ten dollars of the aggregate of that income."

8. Refund of dividend tax on dividend income derived by certain companies - The principal Act is hereby further amended by repealing section 120, and substituting the following section:-

"120. (1) Where a company resident in the Cook Islands derives dividend income which has been subject to dividend tax under the provisions of section 114 of this Act, it shall, on written application to the Collector, be refunded an amount calculated at the rate of fifteen per cent of such income provided the total amount of that income is distributed by way of dividend income to its shareholders.

(2) Where a company receives income from a refund under the provisions of subsection (1) of this section, and such income is distributed by way of dividend income to the shareholders of that company, there shall be refunded, on written application to the Collector, an amount calculated at the rate of fifteen per cent of such income."

9. Payment of tax - Section 165 of the principal Act is hereby amended by omitting the words "at the Cook Islands Treasury" after the word "effected", and substituting the words "at the office of the Inland Revenue Department".

10. Annual report - Section 201 of the principal Act is hereby amended by omitting from subsection (1) the words "the thirty-first day of March" and substituting the words "the thirty-first day of December".

11. Interpretation - Section 2 of the Income Tax Assessment Act 1969 is hereby amended by deleting subsection 4 and subsection 5.

This Act is administered in the Inland Revenue Department.