



ANALYSIS

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1980, No. 8

An Act to amend the Income Tax Act 1972

(1 August 1980)

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 and commencement - (1) This Act may be cited as the Income Tax Amendment (No.2) Act 1980 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 a date to be appointed by notice in the Gazette.

2. Rebate in respect of dependent spouse - Section 44 of the principal Act is hereby amended by deleting from sub-section (1) all the words following the word "year" and substituting the words -

"a rebate in respect of his or her spouse of fifty dollars".

3. Rebate in respect of dependents other than a spouse - Section 45 of the principal Act is hereby amended by repealing sub-section (2) and substituting the following:

"(2) Subject to this section, where in any income year, a taxpayer (other than a person to whom section 47 of this Act applies) has one or more dependents, there shall be allowed from the income tax payable by him in that income year a rebate of fifty dollars".

4. Rebate in respect of low income earners - The principal Act is hereby amended by inserting after section 45 the following new section:

"45.A Rebate in respect of low income earners - Where in any income year a taxpayer has an assessable income of \$2,000 or less there shall be allowed from the income tax payable by him a rebate equal to the amount of such income tax."

5. Special exemptions for dependents of taxpayer - The principal Act is hereby further amended by inserting after section 46, the following new section:

"46.A Special exemptions for dependents of taxpayer - (1) For the purpose of assessing income tax every tax payer (other than a person to whom section 47 of this Act applies) who has dependents as specified in sections 44 and 45 and who is the principal income earner, shall be entitled to a deduction by way of special exemption from his or her assessable income of:

- (a) an amount of \$50:00 for each dependent child;
- (b) an amount of \$50:00 for his or her spouse provided the spouse does not earn more than \$200:00 within that tax year;

(2) If the assessable income after being adjusted in accordance with the provisions of sub-section (1) hereof is \$2,000 or less than the total tax paid for that income tax year is refunded to the tax payer.

(3) If the assessable income after being adjusted in accordance with sub-section (1) is in excess of \$2,000:00 then this section shall not apply and sections 44 and 45 shall prevail."

6. Development Industries - The principal Act is hereby further amended by inserting after section 49 the following new section:

"49.A Development Industries - (1) Where on the application to him by any company carrying on business or proposing to carry on business in any development industry the Minister is satisfied that such business will contribute significantly to the economic development of the Cook Islands, he may declare that such company shall be liable to pay company tax on the income or profit derived from such business at the rate of 5 percent.

(2) Any declaration made under this section may be made upon or subject to such conditions as the Minister thinks fit, and may at any time be revoked by the Minister if the company fails to comply with any such conditions.

(3) The Minister shall refer all applications under this section to the Cabinet and shall have regard to any recommendations made by the Cabinet when making or declining to make a declaration under this section.

(4) Nothing in this section shall affect (i) the obligation of any taxpayer to make any return of income or comply with any other obligations, duties or requirements under the Income Tax Act 1972, (ii) the incidence or imposition of income tax in respect of any dividends paid by any company:

(5) For the purposes of this section "development industry" shall include manufacturing, primary production, export industries and import substitution industries or such other industry and business or activities as the Minister shall determine by notices in the Gazette."

SCHEDULE

The First Schedule to the principal Act is amended by: -

- (a) Ommitting from Part A Clause 3 the amount "5c" and substituting the amount "3c".
- (b) Ommitting from Part A Clause 4(a) the words "a rate of 35c for every \$1 of that income" and substituting the words "a rate of 20c for every \$1 of that income."
- (c) Ommitting from Part A Clause 4(b) the words "a rate of 42½c for every \$1 of that income" and substituting the words "a rate of 27½c for every \$1 of that income".

This Act is administered by the Inland Revenue Department