



**MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT MEDIA RELEASE**  
**GOVERNMENT OF THE COOKISLANDS**

**REVENUE MANAGEMENT DIVISION**

**Integration of International Companies into the Cook Islands domestic tax system**

**Quarterly Update (September 2021)**

The purpose of this quarter's message for international companies registered with the Registrar of the Financial Supervisory Commission in the Cook Islands is to ensure that sufficient notice is published regarding the registration, application for a Cook Islands tax number (commonly referred to as a RMD number) and due dates for filing tax returns in the Cook Islands. This update is part of a series planned for 2021 as international companies, their intermediaries and the Revenue Management Division (Revenue Management) work towards a well informed and efficient integration for international companies into the Cook Islands tax system.

Revenue Management anticipates that around 800 existing international companies need to become familiar with newly acquired obligations by 1 January 2022 and shortly thereafter. For newly incorporated international companies since 17 December 2019 these new tax obligations have immediate effect and therefore registration and filing requirements set out below are already in place.

Forms, guides, online filing (eTax) and important information can be found on the Ministry of Finance & Economic Management website at <http://www.mfem.gov.ck/rmd-tax>.

**Seminar for Licensed Trustee Companies**

Revenue Management and the Financial Services Development Authority (FSDA) are planning a joint seminar for Licensed Trustee Companies and international company service providers. This two hour seminar will include a presentation and opportunity to ask questions and discuss the integration of international companies into the Cook Islands domestic tax system including information on providing tax related services.

The seminar is planned for **Wednesday 6 October 2021**. Confirmation of the date and venue and any other prerequisite details will sent out closer to the time and enquiries may be emailed to [tax.info@cookislands.gov.ck](mailto:tax.info@cookislands.gov.ck) or [enquiry@fsda.gov.ck](mailto:enquiry@fsda.gov.ck).

**New tax obligations for International Companies**

The International Companies (Removal of Tax Exemption) Amendment Act 2019 abolished tax exemptions for international companies on 17 December 2019 and provided a transition period (also known as a grandfathering period) for existing international companies until 31 December 2021. The transition period does not cover income derived from newly acquired assets or new business

activities started after 17 December 2019 by existing international companies; nor does the transition period cover international companies incorporated after 17 December 2019.

This document includes a number of frequently asked questions below in relation to how and what international companies and their service providers need to be aware of in order to satisfy the new timing obligations. A subsequent update is planned to provide information on assessing income, deductions and withholding liabilities.

A Working Group (the European Union Technical Working Group) continues to provide a forum between financial industry representatives and the Government to review the tax system and ensure it meets international obligations while also supporting the development of the financial industry.

### **Registration and application for a Cook Islands tax number**

The new tax obligations require international companies to register with the Revenue Management and apply for a RMD number. An officer of the international company such as owner or director is required to complete and sign the application. Alternatively, Revenue Management anticipates that in most cases a service provider (such as a Cook Islands Licensed Trustee Company) is appointed by international companies to act as agent for application of a RMD number and future tax obligations.

Service providers are required to enclose a letter confirming their appointment as agent and that Know Your Client (KYC) identification information and Customer Due Diligence (CDD) procedures are performed in compliance with the Financial Transactions Reporting Act 2017 and international standards such as the Common Reporting Standard (CRS), Financial Transaction Task Force (FATF), and Foreign Account Tax Compliance (FATCA).

International companies that are not covered by the transition period are required to make an application for a RMD number within 28 days of incorporation. International companies that are covered by the transition period are required to make an application for a RMD number before or shortly after 1 January 2022.

Applying for a RMD number is made by completing and filing a Business Application RM2 form, along with relevant evidentiary documents, with Revenue Management. This form can be downloaded from the Revenue Management website at <http://mfem.gov.ck/rmd-tax> and by selecting 'Forms and Guides', 'Tax Return and Registration', 'Registrations', and then by selecting 'Business Application for RMD Number... – RM2'.

The completed RM2 and any enquires should be sent to [tax.info@cookislands.gov.ck](mailto:tax.info@cookislands.gov.ck).

Important information that Revenue Management requires when filing your RM2 includes:

- Register of Directors and Secretary (both resident and non-resident)
- Register of members and shareholders (both resident and non-resident)
- Certificate of registration

### **What is the Cook Islands income tax year?**

The income tax year runs from 1 January to 31 December. An international company that aligns its financial accounts with a balance date of 31 December is referred to as having a standard balance date.

For international companies that wish to use a non-standard balance date this requires a request by letter to be attached to the registration process and due dates will be adjusted accordingly (note that requests for a non-standard balance date can be made at any time). For further information on the earlier or later filing date adjustments for non-standard balance dates please refer to the enquiries link at the end of this document.

### **What is the due date of my first income tax return?**

The first annual income tax return for international companies under the transition period and with a standard balance date is due 1 May 2023.

Income tax returns are required to be filed online at <https://tax.cookislands.gov.ck/>. Note that you will need to be registered first with Revenue Management to file income tax returns.

The annual income tax return is due on 1 May of the year following the income year. For international companies under the transition period their first year of non-exempt income runs from 1 January to 31 December 2022 and therefore the first annual company return of income is due 1 May 2023.

### **What is the due date of my first instalment of provisional tax?**

For companies with a standard balance date and under the transition period the first instalment provisional tax payment is due and payable on 1 June 2023.

A company is deemed a provisional tax payer whenever the income tax payable by the company in the previous income year was greater than NZD \$5,000. Provisional tax is due and payable in two instalments; on 1 June and 1 December of the year following the income year.

### **What is the due date of my first income tax payment?**

For companies under the transition period with a standard balance date of 31 December the first income tax is due and payable on 1 November 2023.

### **Do I need to file an income tax return if my income is NIL?**

A company that assesses its income as NIL is required to file a NIL income tax return along with supporting financial statements (whether or not they are NIL also).

### **What is the minimum requirement for financial statements?**

Financial statements are required to be filed with Revenue Management along with your filing of the annual income tax return. Financial statements need to include the following:

- Profit and loss statement showing income and expenditure during the income year
- Balance sheet of assets, liabilities and net assets as at the end of the year
- A statement of the accounting principles and valuation principles used
- Your financial statements need to show comparable figures for the previous year, a reconciliation of movements in shareholders equity and associated persons transactions such as interest and royalty payments.

### **What are the penalties for missing the due dates above?**

A penalty of up to \$10,000 may apply for non-registration or late registration and for non-filing or late filing of income tax returns. It is best to contact Revenue Management at the earliest possible

opportunity should you anticipate not registering or not filing on time so that we can arrange an action plan in the circumstances.

Additional taxes that accumulate on a daily basis apply for late payments of tax.

### **Enquiries and further materials**

Enquiries for assistance, concerns or further information on understanding and fulfilling tax obligations may be emailed to [tax.info@cookislands.gov.ck](mailto:tax.info@cookislands.gov.ck).

Tax guides and other useful information may be found on the Ministry of Finance and Economic Management website at [www.mfem.gov.ck/rmd-tax](http://www.mfem.gov.ck/rmd-tax).

Financial Industry information regarding registered international companies, legislative amendments and contact details for Trustee Companies may be found on the Financial Supervisory Commission website at [www.fsc.gov.ck](http://www.fsc.gov.ck).

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