



MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT
GOVERNMENT OF THE COOK ISLANDS

Office of the Financial Secretary

MEDIA RELEASE

\$19.4m recovered from Tax Amnesty

In December 2016, the Prime Minister, Hon. Henry Puna, announced a tax relief package to the community in the form of a Tax Amnesty. In response to this announcement a press conference was held in January 2017, where the Minister of Finance, Hon. Mark Brown provided the details of the Tax Amnesty.



The policy reasons for the Tax Amnesty stemmed from the identification of the overall tax debt owed to Government at the time being close to \$36 million, of which, it was believed that approximately \$25 million was collectible and the balance of \$11 million was classified as being irrecoverable.

The main purpose of the Tax Amnesty was to put a large number of taxpayers in an improved financial position, through the remission of additional taxes (and other taxes where appropriate), so these taxpayers could better contribute to the future economic growth of the Cook Islands. The Financial Secretary, Mr Garth Henderson was pleased that the Tax Amnesty allowed taxpayers who had unpaid tax and outstanding tax returns to come forward, and be compliant with their tax obligations into the future.

The Income Tax Amendment Act 2017 gave legal effect to the Tax Amnesty in June 2017. The Tax Amnesty came into effect on 1 August 2017 and allowed taxpayers to make applications for relief up until 31 March 2018. The Tax Amnesty initially provided taxpayers relief from paying additional taxes if the outstanding core tax was paid or placed under payment arrangement.

In January 2018, the Tax Amnesty was extended with the passing of the Income Tax Amendment Act 2018, which provided the remission of all tax liabilities for tax periods before 1 January 2010. This meant that taxpayers were not required to file outstanding tax returns or pay outstanding tax liabilities for tax periods before 1 January 2010. A total of \$10.4 million (tax and additional tax) was remitted for tax periods prior to 1 January 2010.

During the course of the Tax Amnesty period, Revenue Management Division received 1,182 Tax Amnesty applications and \$21.8 million in core tax was assessed from tax returns filed under the Tax Amnesty. Payments totaling \$19.4 million for core tax were paid with another \$2.4 million in tax currently under payment arrangements. A total of \$12.4 million of additional tax was remitted as a result of the Tax Amnesty applications.

[End]

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