

ERP MYTH BUSTERS #1

MYTH: COVID-19 FINANCIAL ASSISTANCE ENDS SOON!

The moment the full effects of the Covid-19 pandemic were felt here in the Cook Islands, the Government was forced to act swiftly.

After the nation's borders were shut, Government quickly introduced Phase I of the Economic Response Plan (ERP) to meet the immediate needs of households and the private sector. This plan was fully funded with existing cash reserves.

On July 1, in-line with the commencement of the 2020-2021 fiscal year, Government launched Phase II of the ERP with the same objectives: to provide **lifeline financial support**, as well as tools and initiatives for mid-term economic **recovery** and the **transformation** to a more diverse and dynamic economy for the future. The ERP continues to provide support today and is designed to have a lasting impact on the Cook Islands economy. Some of the ERP's main features are:

The Wage and Training Subsidy – This initiative provides monthly financial support to eligible individuals for a period of **three months**.

Interest Relief Program - The Government is providing interest relief by covering 70 per cent of interest costs on existing debt held by businesses and individuals through to **30 June 2021**.

Income tax threshold increase - The 2020 annual tax-free threshold will be pushed upwards to \$12,800, with a further increase to \$14,600 from 1 January 2021. This means more money in the pockets of residents from **today and onwards**.

Private Sector Initiatives – To aid the recovery and transformation of the economy, Government has introduced several initiatives.

Accelerated depreciation and cash grants offered through the **SMART Economy and AgriTech initiatives** offer incentive for businesses to make a **lasting impact on the economy**.

While some of the ERP's initiatives conclude at the end of September, many continue beyond this date, providing extended support to meet the needs of the community.

For full information on the **ERP's Initiatives and Programs**, please visit:

www.mfem.gov.ck/erp

