



# PARLIAMENT OF THE COOK ISLANDS

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## DEPARTURE TAX BILL

### EXPLANATORY NOTE

This note does not form part of the bill but is intended to explain its effect.

- Clause 1** Is the short title.
- Clause 2** Is the commencement provision. The Act will come into force on 1 December 2012. Clause 14 (transitional provision) comes into force when the Act is passed.
- Clause 3** Is the interpretation provision.
- Clause 4** Imposes departure tax on a person departing the Cook Islands who is 13 years or older. Between 1 December 2012 and 30 June 2013 the amount of departure tax is \$55. For the year ending 30 June 2014 departure tax is \$65. After 30 June 2014 the amount of departure tax increases by 2% each year.
- Clause 5** Provides for persons to be exempt from departure tax. Those persons are described in the Schedule.
- Clause 6** Makes it the duty of a carrier (defined in Clause 3) to collect, account and pay departure tax to the Collector.
- Clause 7** Requires a carrier to collect departure tax at the time of accepting a passenger for international travel.
- Clause 8** Requires a carrier to account for the departure tax collected and provide information to the Collector regarding that collection.
- Clause 9** Provides that a carrier must pay departure tax to the Collector not later than the 20<sup>th</sup> day of each month for international travel completed by all passengers in the immediately preceding month.
- Clause 10** Provides that failure to pay departure tax to the Collector on due date attracts a penalty of 2% for each month or part of a month on the amount that is outstanding. The Collector is empowered to sue for recovery of unpaid departure tax and penalties.

- Clause 11** Provides that departure tax for international travel completed must be held by a carrier in trust for the Crown and does not become the property of the carrier available to creditors of the carrier.
- Clause 12** Provides that a carrier may refund departure tax collected from a passenger if the passenger becomes a transit passenger or does not depart the Cook Islands on the international travel for which the departure tax was collected. If the carrier does not refund the departure tax to a passenger the carrier must pay the departure tax to the Collector. A passenger entitled to a refund from a carrier who does not receive that refund may request that refund from the Collector.
- Clause 13** Provides for regulations. Regulations may alter the amount of departure tax, extend the liability to pay departure tax to persons 12 years and younger, add or delete persons from the category of exempt persons and describe the way in which exempt persons do not have to pay departure tax or if paid, how a refund is obtained.
- Clause 14** Provides that after 21 days of the passing of the Act, a carrier must collect departure tax for international travel after 30 November 2012.
- Clause 15** Provides for the repeal of the Departure Tax Act 2005 and the revocation of orders made under that Act.
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