



Sole Trader Cash Grant

August 2021

Sole Trader Cash Grants

Temporary financial support for sole traders

Objective

With the recent community transmission of COVID-19 in parts of New Zealand, and the subsequent border closure, the Cook Islands Government is providing an immediate cash injection to all registered sole traders that are affected by the border being closed, to better enable sole traders to keep operating during this time and improve their chances of getting back on their feet afterwards.

About the sole trader cash grant

The sole trader cash grant was operated as a cash payment only to each business that qualifies in a quarter, having been extended from a one-off payment. As the economic effects of the border closure are impacting sole traders again, reinstatement will be continuously reviewed as long as the border is closed.

The reinstated rate of payment is at \$500 per sole trader for August, this represents fifty per cent of a closure for one month. And \$1,000 for September 2021, which represents a closure of one month, rather than three months (as previously).

The cash scheme will be administered by the Revenue Management Division. Payments to eligible businesses will be made as soon as processed, after 1 September 2021.

Who is eligible?

To qualify for this measure:

- Your business must be structured as a sole trader.
- Your business must have been operating prior to 31 July 2021 and you must be able to provide evidence of this.



- Your business must be registered with the Revenue Management Division (Revenue Management) of the Ministry of Finance and Economic Management and CINSF and operating in the Cook Islands.
- You must be present in the Cook Islands.
- If your business received the sole trader business grant during the April to June 2021 quarter, you may apply for the extension of the subsidy.
- If you have not received a Sole Trader grant from the ERP previously, your business is now able to access the Sole Trader Grant. If for September as long as they meet the loss in revenue requirement. Your business must be registered with RMD and CINSF in order to access this support by 16 September 2021. VAT returns must be submitted monthly prior to payment where relevant.
- Your business must have paid its PAYE payments for the months of June to August, prior to receiving the sole trader cash grant, where relevant.
- Your business must have paid its CINSF employer and employee contributions prior to receiving the sole trader cash grant, where relevant.
- Your business must have suffered a 30% loss of income in August 2021 when compared to August 2019 and you must declare in your application that you have suffered a loss of more than 30% in August 2021 when compared to August 2019. If your business was not operating in August 2019, this comparison will be made with the last full calendar month your business was operating and the border was open (likely July 2021).
- The income from your sole trader business must be your primary source of income.
- You must be actively working in your business. For example continuing to sell goods or doing work to promote your business.

Income tax and VAT will not be deducted from the sole trader grant, nor will CINSF contributions. Any sole trader business grant received as part of the ERP Phase I measures does not need to be included in your income tax return, any sole trader business grants received as part of the ERP Phase II, Phase III or Reinstatement measures must be included in your income tax return.

How to apply

The application process for this measure is as follows:

- The sole trader must login to their CINSF account from 1 September 2021 and apply for the cash grant online, providing all necessary information as instructed.

- Eligibility will be assessed by Revenue Management.
- Once verified, payment will be made directly to the nominated account.
- All Sole Trader Grant applications must be submitted by 30 September 2021. Applications will not be available after this date.

For any queries about this measure please call RMD on 29365 or email tax.info@cookislands.gov.ck.

For further information, contact

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