

50 percent accelerated depreciation for sustainable investments – The Green Economy Initiative

To help the economy transform into a smarter, greener economy, the Green Economy Initiative has been developed to encourage business investment in environmentally sustainable assets and support a greener economic recovery.

The Government is introducing 50 percent accelerated depreciation deductions for qualifying assets purchased and available for use between 1 July 2020 and 31 December 2021.

This accelerated depreciation rate only applies to the first year of ownership of any qualifying asset. After the first year depreciation would be calculated using the standard depreciation rates.

Qualifying/eligibility details include:

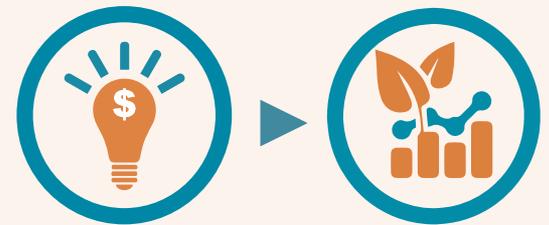
1. Tourism accommodation providers with Mana Tiaki Eco Certification making renovations to existing assets, acquiring new buildings, or other capital works
2. Existing businesses looking to expand by constructing a new building(s) or acquiring new capital or equipment. Assets under this measure must be approved as contributing to a more environmentally sustainable Cook Islands by The Green Panel (jointly administered by the

Ministry of Finance and Economic Management, Cook Islands Tourism Marketing Corporation, and the National Environment Service)

With the above measures, tax savings are extensive. For example, a Mana Tiaki certified tourism accommodation business making an investment of \$150,000 on 1 June 2021 would pay \$8,225 less tax in the 2021 tax year, compared to existing arrangements.

All three business tax measures provide financial incentives for businesses that have the ability to use the current downtime to expand their operations, thereby increasing cash flow and substantially lowering the after-tax cost of new assets. This will allow the private sector to play a greater role in building a more dynamic, productive, environmentally sustainable economy during the COVID-19 recovery period.

For full details including additional information regarding eligibility, qualifying assets, and how to apply, please visit www.mfem.gov.ck/erp



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