



# Income Tax - Quick Reference Guide

This fact sheet tells you about your income tax obligations. Find out here about filing your income tax returns and what deductions you can claim. We'll also explain when and how you can pay your income tax.

Income tax is payable on your salary, wages, interest income, land income, overseas income, dividends, commissions, bonuses and net business profits, etc.

## Calculating my income tax?

The way you receive income, through employment, or business determines how you calculate your income tax.

### If you're employed

If you're employed your employer will be deducting PAYE from your wages or salary. Your employer will also issue you with a tax deduction certificate by the 31st January after the end of the tax year.

### If you're a sole trader or partnership

If you're in business in your own name, or in a partnership, you'll be responsible for all its income and debts. You pay income tax on your net profits. The taxable income is the net profit the business makes after deducting all allowable expenses.

In a partnership, the net profit is shared between the partners and included in their personal income tax returns.

### If you're a company

If your business is owned by a limited liability company and pays you a salary, you'll be taxed on your salary as an individual.

The company's gross revenue less all the business expenses (including your salary) determines its net profit. Any profits belonging to the company are taxed at the company tax rate.

## Log online for more

Go to [tax.cookislands.gov.ck](http://tax.cookislands.gov.ck) to register. You will be emailed in return with a temporary password, which can be changed to your preferred password when you log in. For assistance contact Revenue Management on 29365.

## Completing your tax return

You (or your tax agent) will need to complete a tax return each year for yourself if you earn any income and/or your business if applicable.

You can complete your tax returns online at [tax.cookislands.gov.ck](http://tax.cookislands.gov.ck) or post it to us.

### When are tax returns due

The standard tax year is 1st January - 31 December

- If you earn a salary, wage or pension the due date for filing your income tax return is **1st March** following the year you are filing.
- If you're a business, sole trader, partnership or company the due date for filing your income tax return is **1st May** following the year you are filing for.

### Paying your income tax

The due date for paying any outstanding income tax is the 1st of November following the tax year. This means, you usually have 10 months to pay any outstanding income tax.

You can make payments:

- Electronically
- By credit or debit card (BSP)
- By posting or presenting a cheque.
- Paying in cash

Electronic payments are made through your bank by:

- Online banking
- Automatic payment
- Direct credit

When making electronic payments, include:

- Your **RMD** number
- A tax type code (**INC** - income tax)
- The period the payment relates to  
(Year ending December 2016 = **1216**)

For example RMD 12345 Income tax for 2016 payment reference:

**(12345INC1216)**



# Claiming tax deductions

## Company income tax rates

Residency	Tax Rate
Resident company	20%
Non-resident company	28%

## Personal income tax rates

### 2014 - 2015 Tax Rates

Income Bracket	Tax Rate
Income under 11,000	Tax Free
Income from 11,001 - 30,000	18.5%
Income from 30,001 - 80,000	27.5%
Income from 80,001 plus	30%

### 2016 - 2017 Tax Rates

Income Bracket	Tax Rate
Income under 11,000	Tax Free
Income from 11,001 - 30,000	17.5%
Income from 30,001 - 80,000	27.5%
Income from 80,001 plus	30%

### 2018 Tax Rates

Income Bracket	Tax Rate
Income under 11,000	Tax Free
Income from 11,001 - 30,000	17%
Income from 30,001 - 80,000	27%
Income from 80,001 plus	30%

## Secondary Income

All income from 2014 is consolidated and tax payable is calculated on the tax rates relevant to the income year.

## What is tax deductible?

### If you're employed

Only charitable donations are tax deductible. Receipts must be presented for all donation claims to be

accepted. Only donations to donee approved organisations registered with Revenue Management will be allowed. You can claim from \$200 and up to \$5,000 per tax year.

### If you're in business

Business related expenses and proof of purchase is allowable.

## Donee approved organisations

- All Schools
- Religious Organisations established in the Cook Islands
- Aitutaki Conservation Trust
- Boy Scout Association (Cook Islands)
- Celebration on the Rock Inc.
- Church Uniformed Youth Organisation in the Cook Islands
- Constitution Celebrations Committee
- Cook Islands Charitable Foundation
- Cook Islands Cyclone Bola Appeal
- Cook Islands Cyclone Peni Appeal
- Cook Islands Disabled Persons Institute
- Cook Islands Disaster Relief
- Cook Islands Government Hurricane Relief Fund
- Cook Islands Marine Park Trust
- Cook Islands Polynesian Music Trust
- Cook Islands Voyaging Society Inc.
- Cook Islands Whale Research & Education Centre Inc.
- Crippled Children's Society (Cook Islands)
- Girl Guide Association (Cook Islands)
- Hospital Comforts Fund (Cook Islands)
- Library and Museum Society (Cook Islands)
- Marae Moana Establishment Trust
- Nikao-Panama Sports and Recreational Trust
- Pacific Islands Conservation Initiative Trust
- Pacific Wave Network Trust
- Rarotonga Lagoon Conservation Trust
- Rotary projects within the Cook Islands
- Takuvaine Development and Action Committee
- Te Aroa Mou Trust
- Te Vaerua Community Rehabilitation Inc.
- The Cooks Foundation
- The Cyclone Martin Charitable Trust
- The Esther Honey Foundation Inc.
- The Teimurimotia Volunteer Fire Rescue Brigade Charitable Trust
- William G Faris Education Trust