



Land Lease Income - Quick reference guide

The Cook Islands laws require people and organisations to pay taxes. The government uses these taxes to pay for government expenditure, including public services in the Cook Islands such as education, hospitals and healthcare, roads and welfare. Almost all Cook Islanders make a contribution to these services through the taxes they are required to pay by law.

Income from Land Leases

Paying tax on your Land Lease Income

Generally, any income that you receive from the leasing of land will be liable for income tax, so you must include it in your annual Income Tax Return as **'Other Income'**.

Payments received under a Power of Attorney

If you receive payments of land leases on behalf of another person, or persons, as the holder of a Power of Attorney, you need to inform Revenue Management of the details of such payments. You will need to provide the name, date of birth and (if applicable) RMD number for each person as well as the amounts received in respect of each person.

The person or persons on whose behalf you have received the payments will need to file an annual Income Tax return including this land lease income as **'Other Income'**.

Distributions received from an Incorporated entity

Any payments you receive from an entity that has been incorporated to look after the interests of a group of land owners is also liable for income tax. Any such payments received from an Incorporation must be included in your Income Tax Return as **'Other income'**.

Non-Resident Land Owners

Payments made to land owners residing outside the Cook Islands from July 2017 are liable for 15% Withholding Tax.

The withholding tax will be deducted before the land payments are made to landowners.

Please contact Revenue Management on tax.info@cookislands.gov.ck if you have any questions regarding tax deductions from your land income.

Paying tax on income received upon the granting or renewal of a lease

Any income you receive on the granting or renewal of a lease is liable for income tax. This may be referred to as "Goodwill". Resident land owners receiving 'Goodwill' are able to apply to spread the income received on the granting or renewal of a lease of the land, over a five year period. The five-year spread may save the lessor tax overall.

New Tax Changes to Land Income

Payments made to land owners residing outside the Cook Islands from July 2017 are liable for 15% Withholding Tax.