



MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT
GOVERNMENT OF THE COOK ISLANDS

Standard Practice Statement – Request to remit additional tax

SPS 19/01

Introduction

1. This Standard Practice Statement sets out the Collector's practices when considering an application for granting remission of additional taxes under Section 204 of the Income Tax Act 1997 (the Act).

Purpose

2. The purpose of this Standard Practice Statement is to regulate the Collector's statutory discretion provided by section 204 of the Act and how to deal with practical issues arising out of the administration of the Cook Islands Revenue Acts.
3. Under the Cook Islands Revenue Management Acts¹, taxpayers are expected to pay their tax in full and on time. The additional tax provides an incentive to all taxpayers to comply with the law.
4. The remission provisions allow the Collector to accommodate circumstances where enforcing the additional taxes may be inappropriate. The Collector will, in each taxpayer's case, weigh the particular circumstances against the standard practice outlined in this statement and against the relevant legislation.
5. In developing this Standard Practice Statement, the Collector recognises that penalising a taxpayer for a small non-compliant action may be counterproductive and reduce voluntary compliance. However, the Collector also recognizes the importance of treating all taxpayers fairly and consistently, and must carefully balance these considerations when reviewing an application to remit additional tax under section 204 of the Act.

¹ Income Tax Act 1997, VAT Act 1997

Remission

6. Remission will occur when additional tax has been correctly charged and the Collector relieves the taxpayer of their liability to pay additional tax.
7. Additional tax will be reversed when it has been imposed incorrectly.

Remission for a reasonable cause

8. The power to remit additional tax under section 204 of the Act 1997 is discretionary. In exercising this discretion, the Collector will consider whether the non-compliance has been caused by an event or circumstance beyond the control of the taxpayer and if it was rectified as soon as practicable (that is, as soon as it was feasible or realistic), in which case the Collector will grant the remission.
9. Requests for remission of additional tax under section 204 of the Act will only be considered when the tax returns relevant to the request for remission have been filed and any outstanding core tax (that is, not including additional tax) has been paid in full.

Remission in circumstances of an emergency

10. The Collector will remit additional tax under section 204 of the Act when the following criteria is met:
 - An emergency prevented the taxpayer from making the tax payment.
 - The taxpayer made the payment of tax as soon as practicable (that is, as soon as it was feasible or realistic).
 - The taxpayer is a member of a class of persons to whom remission is available under an Order in Council declaring the nature of the emergency event.
 - The Collector must be satisfied that the effect on the taxpayer of the occurrence of the emergency makes the remission equitable.

Application

11. Taxpayers are encouraged to contact Revenue Management as soon as they think they may have trouble paying their tax in full by the due date or in case they experience serious hardship, so that all the options for financial relief can be discussed. A taxpayer should not wait for a due date to pass before applying for financial relief.
12. This statement applies to remission requests received on or after 9 April 2019.

Form of application

13. Applications for remission of additional tax must be emailed to tax.info@cookislands.gov.ck care of the Senior Tax Advisor.
14. The taxpayer must provide supporting information for the remission of the additional tax covered by section 204 of the Act.

Complaints

15. If a taxpayer is concerned with the way their request for remission has been handled, they should raise their concerns by emailing tax.complaints@cookislands.gov.ck or in writing to PO Box 120, Avarua, Rarotonga addressed to Tax Complaints, Revenue Management.

This Standard Practice Statement was approved on 24 April 2019.

Xavier Mitchell
Treasurer (Collector and Controller)
Revenue Management Division