

COOK ISLANDS¹

Tax reforms implemented

- The present tax system was designed with the assistance of the Asian Development Bank and New Zealand Aid in 1996-1997. The reforms in the public sector and the tax system are considered generally successful.
- In 1997, turnover tax, which was a 1% charge on sales without any credit for purchases, was replaced by value added tax. The New Zealand goods and services tax model was used as the basis for this legislation.
- Stamp duty on financial instruments was abolished in 1997.
- Income tax has continued and is paid by individuals, companies, etc.
- In 2006, the majority of customs levies were abolished. Customs levies remain on the four major imports into the Cook Islands – alcohol, tobacco, fuel, and motor vehicles along with levies on some smaller imports, softdrinks and vegetables (seasonal levy).

Tax reforms being undertaken

- The effectiveness of the tax legislation continues to be monitored with amendments to both the Value Added Tax Act and the Income Tax Act made where appropriate. Since 1997 several amendments have already been enacted.

Tax reforms to be introduced

- A first Information Exchange Agreement is on track for signing in the next twelve months.

¹ The views expressed in this paper are the views of the author and do not necessarily reflect the views or policies of the Asian Development Bank (ADB) or its Board of Directors or the governments they represent. ADB makes no representation concerning and does not guarantee the source originality, accuracy, completeness, or reliability of any statement, information, data, finding, advice, opinion, or views presented.