



## ANALYSIS

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1984-85, No. 26

An Act to amend the Turnover Tax Act 1980

(8th March 1985)

BE IT ENACTED by the Parliament of the Cook Islands in Session assembled, and by the authority of the same, as follows:

1. Short Title - (1) This Act may be cited as the Turnover Tax Amendment Act 1984-85, and shall be read together with and deemed part of the Turnover Tax Act 1980 (hereinafter called "the principal Act").

(2) This Act shall come into force on the 1st day of April 1985.

2. "Gross income", "gross proceeds of sale" defined - Section 4 subsection (1) of the principal Act is amended by adding after the word "whatsoever" the words "and also includes the gross receipts of goods and services that would otherwise have been received by the taxpayer but for those goods or services having being used partially or solely for the taxpayer's benefit."

3. Registration as wholesale purchaser - Section 12 of the principal Act is amended by inserting after subsection (3) the following subsection-

"(4) Every applicant who is registered as a wholesale purchaser shall be registered for the period commencing on the day upon which his application is granted and ending upon the 1st day of January in the year immediately following the year of application".

4. Registration as a wholesale service user - Section 13 of the principal Act is amended by inserting after subsection (3) the following subsection -

"(4) Every applicant who is registered as a wholesale service user shall be registered for the period commencing on the day upon which his application is granted and ending upon the 1st day of January in the year immediately following the year of application."

5. Increase in turnover tax - (1) Sections 18 to 26 and section 28 of the principal Act are amended by omitting the expression "4%" where it occurs and substituting "6%".

(2) The collector shall credit the additional revenue collected by virtue of this section to the Welfare fund.

6. Segregation of gross income, etc. on records and returns - Section 29 subsection (4) of the principal Act is amended by inserting after the word "one" and before the word "tax" the words "rate of turnover."

7. Further provisions as to application of tax - Section 30 subsection (2) of the principal Act is amended by deleting the words "section 25" and substituting the words "section 35".

8. Amounts not taxable - Section 34 of the principal Act is amended by repealing paragraph (j) and substituting the following paragraph -

"(j) Amounts received by any religious, charitable or other organisation where the amounts received will not be distributed among its members, but will be used solely for the purposes for which the organisation was formed, provided that an application must be made to the Minister for exemption under this paragraph which may be allowed or refused. The Minister may attach such condition or conditions as he considers appropriate where an application is allowed."

9. Exemptions from turnover tax - The principal Act is amended by inserting after Section 35, the following -

"35A. Exemption from Turnover tax - The Queen's Representative may from time to time by Order in Council, exempt (wholly or in part) from turnover tax the gross income from the sale of any commodity or any specified class or kind of goods or services, and may in like manner revoke any such exemption."

10. Filing of returns: Inspection - Section 40 subsection (2) of the principal Act is amended by deleting the words "provided that the Department may permit the inspection of any return by another person being satisfied that the inspection is desired for some lawful and proper purpose".

11. Erroneous returns, disallowance of exemption payment - Section 41 subsection (2) of the principal Act is amended by deleting the words "thereof to the address shown in the application," and substituting the words "the taxpayer".

12. Failure to make a return - Section 43 of the principal Act is amended by deleting the words "it deems best" and substituting the words "he deems necessary".

13. Records to be kept; examination; penalties - Section 47 of the principal Act is amended by deleting the words "section 43" and substituting the words "section 53".

14. Offences and penalties - Section 53 subsection(1) of the principal Act is amended by deleting the words "section 39" and substituting the words "section 37 and 39".

15. Repeal - The welfare Tax Act 1984 is hereby repealed.

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This Act is administered by the Department of Inland Revenue.