



## ANALYSIS

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| 1. Short Title | 2. Special exemption for Superannuation Life Insurance Contributions |
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1980, No. 10

An Act to amend the Income Tax Act 1972 by providing an Exemption for Superannuation and Life Insurance Contributions

(29 August 1980)

BE IT ENACTED by the Legislative Assembly of the Cook Islands in session assembled, and by the authority of the same Act as follows:

1. Short Title - This Act may be cited as the Income Tax Amendment Act 1980 and shall be read together with and deemed part of the Income Tax Act 1972 (hereinafter referred to as the principal Act).

2. Special Exemption for Superannuation Life Insurance Contributions - The principal Act is hereby amended by repealing Section 46 hereof and substituting the following:

"Section 46. Special Exemption for Superannuation Life Insurance Contributions - (1) For the purpose of assessing income tax every taxpayer (other than a person to whom Section 47 of this Act applies), who is a contributor or the taxpayer's own benefit or for the benefit of the taxpayer's spouse or children (including a step-child, adopted child, or foster-child) to the National Provident Fund or to a Superannuation Fund established in the Cook Islands or such fund as the Minister of Finance approves shall be entitled to a deduction by way of special exemption from his or her assessable income for any income year of the smaller of the following sums:

- (a) the amount contributed in that income year.
- (b) \$520:00

(2) (a) For the purpose of assessing income tax every taxpayer (other than a taxpayer to whom Section 47 of this Act applies) who pays premiums for the taxpayer's own benefit or for the benefit of the taxpayer's spouse or children (including a step child, adopted child, or foster child) towards a qualifying life insurance policy shall be entitled to a deduction by way of special exemption from his or her assessable income for any income year of the smaller of the following sums:

- (a) The amount contributed in that income year.
- (b) \$520:00

(b) A qualifying life insurance policy shall be a policy issued by an Insurance Company incorporated in the Cook Islands and approved by the Minister on which the policy term shall be at least 10 years or 5 years where the maturity date of the policy is not before the 60th birthday of the life assured.

(3) (a) The Collector may, in his discretion, disallow or decline to allow a deduction by way of special exemption under sub-section (1) of this section in respect on contributions to any fund or life insurance policy which are withdrawn within 5 years after the date on which they were made, unless (in respect of the superannuation contributions) there is a regular pattern of contributions by the taxpayer to that fund over the whole of the period of 5 years and immediately preceeding the date on which the contributions are withdrawn, and may accordingly make or amend any assessment or assessments of the taxpayer for any year without allowing that deduction.

(b) For the purpose of giving effect to this subsection, the Collector may amend any assessment or assessments of the taxpayer at any time, notwithstanding the Provisions of Section 23 of this Act.

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This Act is administered by the Inland Revenue Department.