



ANALYSIS

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1975, No. 20

An Act to impose a surcharge on income tax for the year 1975

(6 October 1975)

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

1. Short Title - This Act may be cited as the Income Tax Surcharge Act 1975 and shall be read together with and deemed part of the Income Tax Act 1972 (hereinafter referred to as "the principal Act").

2. 1975 tax surcharge - (1) Notwithstanding any other provision of the principal Act there is hereby levied a surcharge on income tax payable in respect of the income year 1975 (hereafter called the "1975 tax surcharge").

(2) The 1975 tax surcharge shall be twenty-five percent of income tax payable in respect of the assessable income of the taxpayer for the year 1975 before allowance is made for such rebates or other credits against tax payable as may be allowed by the principal Act or any other Act.

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3. Deductions from PAYE etc - Where any income is subject to basic tax deductions at source the 1975 tax surcharge shall be paid by an additional deduction from all income received after the 1 October 1975 but before 1 April 1976. The additional deductions shall be:

- (a) In cases where the basic tax deduction is calculated in accordance with clauses one to four of the Second Schedule to the principal Act, one half of the amount appropriate to the amount of the payment for the tax code "S" irrespective of the appropriate tax code for the basic tax deduction.
- (b) In all other cases, one half of the amount payable under the appropriate provision of the principal Act.

4. Increase in provisional tax - In the case of income other than income to which section 3 of this Act applies, the 1975 tax surcharge shall be paid by an additional payment of 50 percent of the amount of the first payment of provisional tax and shall be paid on the day prescribed for the payment of that provisional tax:

Provided that the Collector may, in his discretion, permit the payment of the 1975 tax surcharge to be made in up to three instalments to be paid on such dates as the Collector may determine but so that the last such instalment shall be made not later than 15 March 1976.

5. Additional tax where provisional tax underestimated - Where the Collector is satisfied that any taxpayer has underestimated his income for 1975 solely or principally for the purpose of avoiding or reducing his liability to pay the 1975 tax surcharge in respect of the first payment of provisional tax in respect of that income he may impose an additional tax over and above the surcharge that should have been paid on the first payment of provisional tax of an amount being not less than 25 percent nor more than 100 percent of that surcharge.

6. Date for filing returns - (1) Section 15 of the principal Act is hereby amended by adding the following proviso to subsection (1):

"Provided that for the income year 1975 the return shall be furnished not later than 1 June 1976."

(2) Subsection (1) of section 170 of the principal Act is hereby amended as follows:

- (a) By omitting from paragraph (a) the words "Not later than the 20th day of January in each year", and substituting the words "Not later than the 20th day of April in 1976 and not later than the 20th day of January in each succeeding year":

- (b) By omitting from paragraph (e) the words "Not later than the 15th day of February in each year", and substituting the words "Not later than the 14th day of May in 1976 and not later than the 15th day of February in each succeeding year".

7. Application of 1976 payments - (1) For the purposes of sections 169 and 170 of the principal Act deductions made in respect of the 1975 tax surcharge during 1976 shall be deemed to be deductions made from income received during 1975 and shall be shown on tax deductions certificates for 1975 accordingly.

(2) For the purpose of section 177 of the principal Act the 1975 tax surcharge deducted from income received in the period 1 January 1976 to 31 March 1976 shall be deemed to be deductions in respect of tax payable in respect of the tax liability of the taxpayer for 1975 and shall be deducted from the 1975 tax surcharge due in respect of the 1975 income year.

8. Duties of persons making deductions - The obligations and liabilities of all persons under the principal Act in respect of source deductions of tax shall apply with any necessary modifications to deductions made in respect of the 1975 tax surcharge.

This Act is administered in the Department of Inland Revenue.