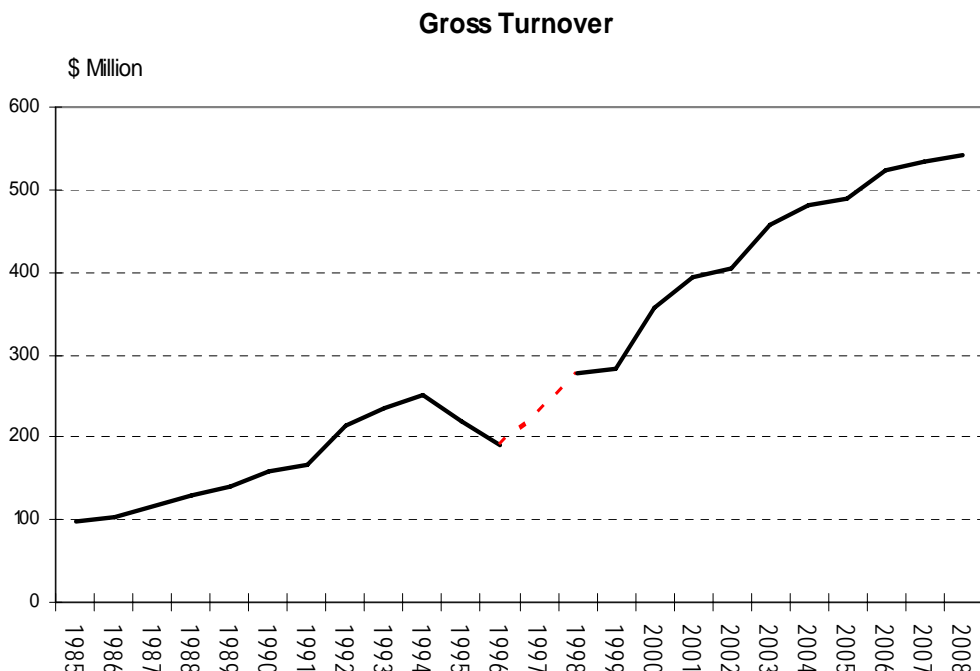


Taxation

- ❑ Total gross turnover generated by industries recorded an annual turnover of \$543 million in 2008. Since 1998, gross turnover have experienced some significant annual increases especially in the years 2000 and 2003 with 25.1% and 13.1% respectively.
- ❑ Gross turnover in 2008 increased by \$9.2 million (1.7%). Major contributions to Gross turnover were Wholesale & Retail Trade sector of \$222 million (40.9%), Transport & Communication \$96 million (17.7%) and Hotels and Motels \$80 million (14.7%).
- ❑ Vat collected on sales and income decreased by 1.5% or \$0.9 million in 2008, taking the level from \$56.5 million in the previous year to \$55.6 million.
- ❑ Income Tax for the years 1998 to 2008 fluctuate over the period. In 2008 it stands at \$43.0 million and is likely to increase as more income tax returns are received.



Note: introduction of newer taxation system from PIT to VAT in 1997.

Table 7.1 Cook Islands Gross Turnover by Industry

Calendar Year	All Industries	Agriculture & Fishing	Construction	Wholesale & Retail Trade	Restaurants & Bars	Hotels & Motels	Transport & Communication	Finance & Business Services	Community, & Personal Services	Other Industries
	(\$000)									
1984	72,637	879	2,116	45,910	1,117	4,594	8,471	4,391	2,159	3,000
1985	98,909	427	3,300	55,271	2,281	8,387	15,733	6,296	2,042	5,173
1986	102,077	1,392	4,313	55,712	2,171	8,016	15,185	7,480	2,993	4,815
1987	116,178	..	..	..	..	..	..	..	..	..
1988	130,228	1,663	5,016	67,328	3,785	11,804	19,780	11,034	3,508	6,310
1989	140,154	3,567	5,656	74,278	3,924	10,549	16,946	12,457	5,730	7,047
1990	157,315	5,834	7,344	74,820	3,958	12,784	17,642	15,795	12,249	6,889
1991	166,309	5,424	5,179	84,098	5,252	14,380	24,508	15,972	4,277	7,219
1992	214,916	1,353	15,878	109,255	10,496	12,867	27,990	20,237	6,015	10,826
1993	234,621	1,508	10,094	112,749	12,485	17,345	32,336	29,558	6,530	12,017
1994	251,761	1,752	7,267	112,600	12,854	21,354	34,864	44,450	6,931	9,689
1995	219,671	1,295	5,143	100,053	9,956	18,132	32,068	38,105	5,942	8,976
1996	188,995	1,713	5,356	88,279	4,405	20,212	29,112	26,781	6,032	7,106
1997 ⁽¹⁾
1998	278,347	7,600	6,789	101,357	6,907	25,848	50,686	18,967	41,079	19,114
1999	284,487	6,984	7,348	112,184	7,611	30,907	56,954	18,716	23,865	19,919
2000	355,974	8,190	11,329	143,169	12,096	51,268	69,414	22,345	15,192	22,971
2001	393,572	6,735	12,877	157,640	14,389	54,403	76,888	26,364	18,155	26,123
2002	405,033	7,988	12,865	162,724	13,301	56,894	80,047	24,406	18,140	28,669
2003	457,925	11,401	17,515	185,652	14,837	63,201	89,152	25,305	18,540	32,322
2004	482,081	8,850	17,785	201,742	15,535	66,161	88,357	29,880	18,289	35,482
2005	490,940	8,808	12,772	221,110	14,668	66,045	82,474	27,887	19,788	37,388
2006	524,619	7,393	16,026	222,897	16,880	81,748	90,332	30,255	21,983	37,105
2007	533,860	6,021	17,887	212,111	17,486	90,409	89,791	33,091	24,639	42,425
2008	543,064	5,764	16,133	222,392	15,593	79,727	96,397	33,196	24,543	49,319
	Percentage change over previous year									
1984	6.8	72.7	-18.1	5.3	-29.1	-5.6	24.6	33.6	6.1	8.2
1985	36.2	-51.4	55.9	20.4	104.1	82.6	85.7	43.4	-5.4	72.4
1986	3.2	225.9	30.7	0.8	-4.8	-4.4	-3.5	18.8	46.6	-6.9
1987	13.8	..	..	..	..	..	..	..	..	..
1988	12.1	..	..	..	..	..	..	..	..	..
1989	7.6	114.5	12.8	10.3	3.7	-10.6	-14.3	12.9	63.3	11.7
1990	12.2	63.6	29.9	0.7	0.9	21.2	4.1	26.8	113.8	-2.2
1991	5.7	-7.0	-29.5	12.4	32.7	12.5	38.9	1.1	-65.1	4.8
1992	29.2	-75.1	206.6	29.9	99.9	-10.5	14.2	26.7	40.6	50.0
1993	9.2	11.5	-36.4	3.2	18.9	34.8	15.5	46.1	8.5	11.0
1994	7.3	16.2	-28.0	-0.1	3.0	23.1	7.8	50.4	6.1	-19.4
1995	-12.7	-26.1	-29.2	-11.1	-22.5	-15.1	-8.0	-14.3	-14.3	-7.4
1996	-14.0	32.3	4.1	-11.8	-55.8	11.5	-9.2	-29.7	1.5	-20.8
1997 ⁽¹⁾
1998	..	..	..	..	..	..	..	..	..	..
1999	2.2	-8.1	8.2	10.7	10.2	19.6	12.4	-1.3	-41.9	4.2
2000	25.1	17.3	54.2	27.6	58.9	65.9	21.9	19.4	-36.3	15.3
2001	10.6	-17.8	13.7	10.1	19.0	6.1	10.8	18.0	19.5	13.7
2002	2.9	18.6	-0.1	3.2	-7.6	4.6	4.1	-7.4	-0.1	9.7
2003	13.1	42.7	36.1	14.1	11.6	11.1	11.4	3.7	2.2	12.7
2004	5.3	-22.4	1.5	8.7	4.7	4.7	-0.9	18.1	-1.4	9.8
2005	1.8	-0.5	-28.2	9.6	-5.6	-0.2	-6.7	-6.7	8.2	5.4
2006	6.9	-16.1	25.5	0.8	15.1	23.8	9.5	8.5	11.1	-0.8
2007	1.8	-18.6	11.6	-4.8	3.6	10.6	-0.6	9.4	12.1	14.3
2008	1.7	-4.3	-9.8	4.8	-10.8	-11.8	7.4	0.3	-0.4	16.2

Source: Revenue Management Division, MFEM

Note: ⁽¹⁾ Figures for the months January to June 1997 are not available and figures for July onwards are not comparable due to a change from Turnover Tax to Value Added Tax.

Table 7.2 Cook Islands TOT Payable / VAT collected on Sales and Income, by Industry

Calendar Year	All Industries	Agriculture & Fishing	Construction	Wholesale & Retail Trade	Restaurants & Bars	Hotels & Motels	Transport & Communication	Finance & Business Services	Community & Personal Services	Other Industries
	(\$000)									
1984	2,221	12	79	1,413	41	184	196	158	57	82
1985	3,966	6	166	2,068	126	463	691	242	104	100
1986	4,669	52	240	2,387	139	482	711	435	128	94
1987	6,989	...	...	...	...	...	...	...	...	...
1988	9,665	51	438	4,671	377	1,168	1,442	1,024	314	182
1989	10,340	81	427	5,131	390	1,033	1,334	1,322	429	194
1990	19,219	95	546	4,940	395	1,261	1,409	1,543	519	211
1991	12,171	91	291	5,694	525	1,412	1,974	1,563	360	260
1992	16,187	68	927	7,566	1,005	1,282	2,443	2,003	509	384
1993	18,133	66	810	7,763	1,211	1,692	2,836	2,763	561	431
1994	19,216	56	607	7,640	1,221	2,132	3,071	3,459	569	461
1995	16,717	36	451	6,740	940	1,794	2,803	3,006	501	446
1996	14,628	33	456	5,844	436	2,028	2,598	2,376	524	333
1997 ⁽¹⁾
1998	27,990	320	754	10,590	768	2,847	4,088	2,008	4,521	2,095
1999	28,856	309	806	11,974	853	3,439	4,762	2,017	2,639	2,056
2000	36,078	297	1,276	15,356	1,344	5,698	5,696	2,434	1,591	2,387
2001	40,379	374	1,429	16,858	1,600	6,058	6,537	2,854	1,979	2,688
2002	41,682	484	1,096	17,348	1,638	6,706	6,712	3,077	1,787	2,834
2003	46,248	578	1,965	19,847	1,683	6,821	6,990	2,757	2,379	3,228
2004	49,127	490	1,988	21,817	1,706	7,343	7,186	3,240	2,025	3,332
2005	50,528	543	1,396	23,790	1,957	7,293	6,827	3,037	1,914	3,771
2006	53,885	554	1,709	23,842	1,866	8,756	7,561	3,314	2,386	3,897
2007	56,509	549	1,976	22,368	1,935	10,193	7,595	4,688	2,722	4,483
2008	55,635	535	1,797	21,551	1,700	10,590	7,851	3,645	2,711	5,255
	Percentage change over previous year									
1984	7.6	68.1	-11.3	9.5	-37.1	-3.6	3.4	25.2	17.5	40.8
1985	78.6	-53.7	108.8	46.4	205.6	152.4	253.6	53.1	82.8	22.6
1986	17.7	835.7	44.7	15.4	10.6	4.1	2.8	79.7	22.5	-5.9
1987	49.7	..	..	..	..	..	..	..	..	..
1988	38.3	..	..	..	..	..	..	..	..	..
1989	7.0	58.8	-2.4	9.8	3.4	-11.5	-7.5	29.1	36.8	6.6
1990	5.6	17.9	27.8	-3.7	1.4	22.0	5.7	16.7	20.8	9.0
1991	11.5	-3.7	-46.6	15.3	32.7	12.0	40.0	1.3	-30.5	23.2
1992	33.0	-25.7	218.2	32.9	91.5	-9.2	23.8	28.2	41.1	47.5
1993	12.0	-2.8	-12.7	2.6	20.4	32.0	16.1	37.9	10.3	12.3
1994	6.0	-15.2	-25.0	-1.6	0.8	26.0	8.3	25.2	1.3	7.0
1995	-13.0	-35.0	-25.7	-11.8	-23.0	-15.8	-8.7	-13.1	-11.9	-3.3
1996	-12.5	-8.3	1.0	-13.3	-53.6	13.0	-7.3	-20.9	4.6	-25.2
1997 ⁽¹⁾
1998	..	..	..	..	..	..	..	..	..	..
1999	3.1	-3.3	6.9	13.1	11.1	20.8	16.5	0.5	-41.6	-1.9
2000	25.0	-3.9	58.2	28.2	57.6	65.7	19.6	20.6	-39.7	16.0
2001	11.9	26.0	12.0	9.8	19.0	6.3	14.8	17.3	24.4	12.6
2002	3.2	29.2	-23.3	2.9	2.4	10.7	2.7	7.8	-9.7	5.4
2003	11.0	19.5	79.4	14.4	2.8	1.7	4.1	-10.4	33.1	13.9
2004	6.2	-15.3	1.1	9.9	1.3	7.7	2.8	17.5	-14.9	3.2
2005	2.9	10.9	-29.8	9.0	14.7	-0.7	-5.0	-6.3	-5.5	13.2
2006	6.6	2.0	22.4	0.2	-4.7	20.1	10.7	9.1	24.7	3.4
2007	4.9	-0.9	15.6	-6.2	3.7	16.4	0.4	41.5	14.1	15.0
2008	-1.5	-2.6	-9.1	-3.7	-12.1	3.9	3.4	-22.2	-0.4	17.2

Source: Revenue Management Division, MFEM

Note: ⁽¹⁾ Figures for the months January to June 1997 are not available and figures for July onwards are not comparable due to a change from Turnover Tax to Value Added Tax.

Table 7.3 Income Tax (IR4) Returns

Calendar Year	Number of Returns	Gross Income (\$000)	Taxable Income (\$000)	Tax Assessed (\$000)	Mean Income (\$)	Median Income (\$)	Minimum(1) Living Level (\$)
1984	4,198	21,074	20,471	3,191	5,200	4,000	8,950
1985	4,878	28,282	27,417	4,995	5,800	4,300	9,763
1986	5,139	32,503	31,489	5,493	6,300	4,700	10,740
1987	5,270	37,132	35,870	6,605	7,000	5,200	11,879
1988	5,212	43,233	41,970	7,827	8,300	6,000	13,185
1989	5,457	48,465	46,853	10,880	8,900	6,400	13,954
1990	5,899	57,834	55,897	12,833	9,800	6,900	14,236
1991	5,947	72,133	71,167	18,474	12,300	7,500	14,249
1992	6,515	66,602	65,364	15,609	10,200	7,600	14,708
1993	6,227	66,592	65,273	15,787	10,700	8,000	16,532
1994 ⁽²⁾	5,754	64,492	63,202	15,479	11,200	8,600	18,184
1995	2,147	24,531	23,008	9,638	11,400	8,400	17,414
1996	2,154	26,703	26,332	6,941	12,400	9,800	18,084
1997	...	...	...	...	...	...	18,055
1998	2,186	31,397	19,038	4,642	14,400	11,500	17,881
1999	2,393	36,945	22,850	5,719	15,400	12,300	19,943
2000	2,500	40,708	26,386	6,642	16,300	12,600	20,831
2001	2,475	41,087	26,419	6,868	16,600	13,300	20,955
2002	2,137	36,922	24,250	6,216	17,300	13,600	24,224
2003	2,824	50,891	23,690	7,586	18,000	15,100	24,596
2004	2,453	47,746	24,178	7,218	19,400	15,900	24,511
2005	2,612	52,757	27,484	8,101	20,197	15,600	25,678
2006	2,989	64,070	34,960	10,257	#REF!	15,975	26,141
2007	2,023	43,746	24,179	7,028	21,624	16,760	28,138
2008	2,125	43,003	22,393	6,486	21,236	16,723	28,350
Percentage change over previous year							
1985	16.2	34.2	33.9	56.5	11.5	7.5	9.1
1986	5.4	14.9	14.9	10.0	8.6	9.3	10.0
1987	2.5	14.2	13.9	20.2	11.1	10.6	10.6
1988	-1.1	16.4	17.0	18.5	18.6	15.4	11.0
1989	4.7	12.1	11.6	39.0	7.2	6.7	5.8
1990	8.1	19.3	19.3	17.9	10.1	7.8	2.0
1991	0.8	24.7	27.3	44.0	25.5	8.7	0.1
1992	9.6	-7.7	-8.2	-15.5	-17.1	1.3	3.2
1993	-4.4	0.0	-0.1	1.1	4.9	5.3	12.4
1994 ⁽²⁾	-7.6	-3.2	-3.2	-1.9	4.7	7.5	10.0
1995	-62.7	-62.0	-63.6	-37.7	1.8	-2.3	-4.2
1996	0.3	8.9	14.4	-28.0	8.8	16.7	3.8
1997	...	...	...	...	...	...	-0.2
1998	...	...	...	...	...	...	-1.0
1999	9.5	17.7	20.0	23.2	6.9	7.0	11.5
2000	4.5	10.2	15.5	16.1	5.8	2.4	4.4
2001	-1.0	0.9	0.1	3.4	1.8	5.6	0.6
2002	-13.7	-10.1	-8.2	-9.5	4.2	2.3	15.6
2003	32.1	37.8	-2.3	22.0	4.0	11.0	1.5
2004	-13.1	-6.2	2.1	-4.9	7.8	5.3	-0.3
2005	6.5	10.5	13.7	12.2	4.1	-1.9	4.8
2006	14.4	21.4	27.2	26.6	#REF!	2.4	1.8
2007	-32.3	-31.7	-30.8	-31.5	#REF!	4.9	7.6
2008	5.0	-1.7	-7.4	-7.7	-1.8	-0.2	0.8

Source: Revenue Management Division, MFEM

Note: (1) Minimum living level refers to minimum wage required for an employee supporting a spouse and two children.

(2) Processing of returns for 1994 to 2008 is incomplete..