



MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT
GOVERNMENT OF THE COOK ISLANDS

MEDIA RELEASE

Non Compliance with Economic Response Plan Requirements

The Ministry of Finance and Economic Management (MFEM) first launched the Cook Islands Government's Economic Response Plan (ERP) in March 2020 and has worked effectively to ensure our economy is stable. To date, MFEM has paid a total of \$37,971,089 for wage subsidy and \$8,302,000 for business and sole trader grants. The ERP has also improved tax compliance with VAT and PAYE filing rates increasing by around 5% due to the requirement for these to be filed to access ERP assistance.

As a result of the ERP the Revenue Management Division (RMD) has received and assessed approximately 8,800 applications for financial support. In most months, around 550 applications are received and processed. A majority of these applications relate to wage subsidies. This increases to as many as 1,500 applications in a month where sole trader and business grants are also available. This increase in applications might cause delays in the processing and payment of applications. Revenue Management is aware of the effects of delays and has put measures in place to minimise any delay.

On a monthly basis Revenue Management also responds to approximately 1,100 phone calls, 600 emails, and 200 counter inquiries relating to the ERP.

Whilst most employers comply with the requirements of the wage subsidy scheme some are not. Instances where employers claim wage subsidies they are not entitled to or where they are not using wage subsidies correctly have been identified. These are mainly where employers claim the wage subsidy for employees who are not in the Cook Islands, employers claim full-time subsidies for part-time employees, and employers use wage subsidies to pay expenses other than wages or employment-related costs.

Although the current focus is on assessing applications, the level of audit and compliance work is increasing, and instances of overpayment or misuse of wage subsidies identified will be dealt with appropriately, including the repayment of any overpaid wage subsidies.

MFEM encourages all employers to re-read the declaration found [here](#) and familiarise themselves with the fact sheets and other ERP information available on the MFEM website. If an employer is concerned they have received subsidies they were not entitled to or have misused wage subsidies received, they are encouraged to contact MFEM to discuss their situation.

[End]

23 April 2021