



BUSINESS ONE STOP SHOP

A Business Guide

Prepared by:

**BUSINESS TRADE &
INVESTMENT BOARD**

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PURPOSE OF THIS GUIDE

This business guide outlines some of the standard laws and regulations that a business is required to comply with when starting and operating a business.

Introducing the Business One Stop Shop

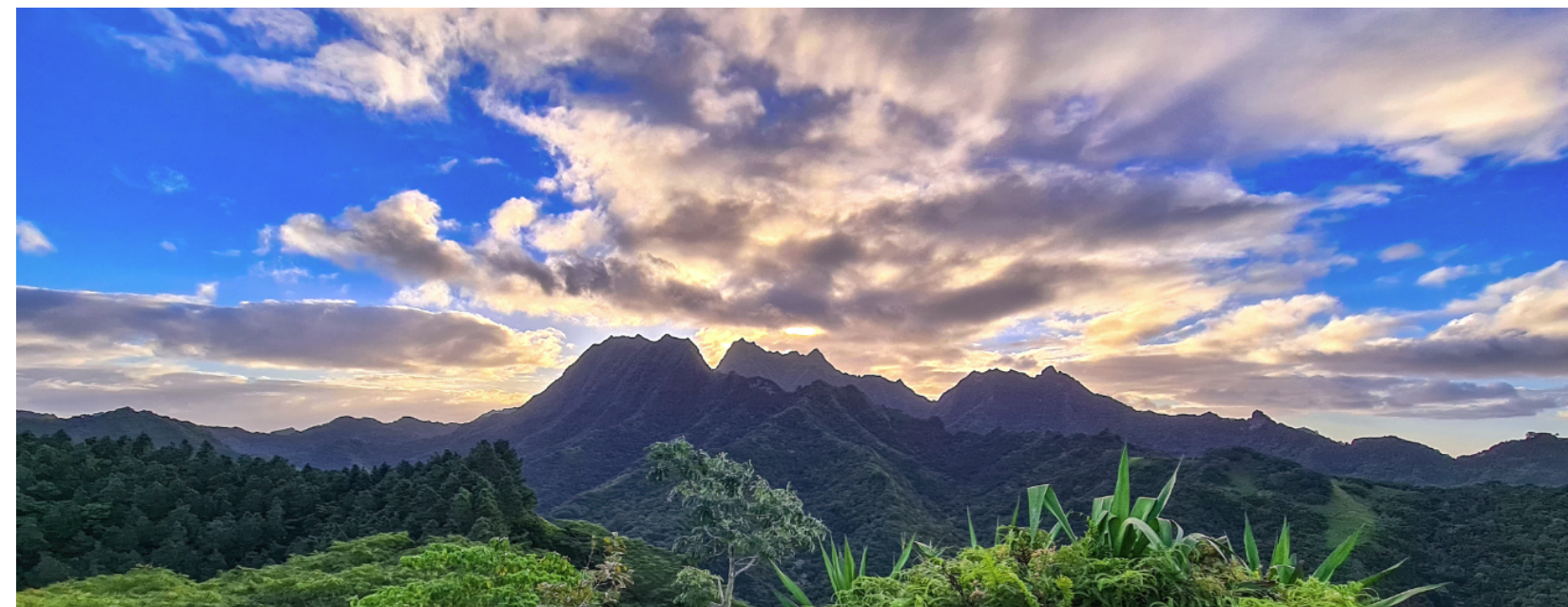
Business One Stop Shop is a Guide to help you find all of the information you need to operate a business including tax registration, business registration, permits and licenses for your business at one place. It outlines some of the regulations and requirements that a business needs to comply with. Business regulations often change and it is important for you to stay ahead to remain compliant. You can use this as a supporting resource for your business. **This information can also be found by visiting BTIB's website by clicking on this link: <https://btib.gov.ck/business-one-stop-shop/>.**

Acknowledgment of Sources

BTIB has drawn on input from Cook Islands agencies for this guide, various documents including the Companies Regulations 2019, Companies Act 2017 and information publicly available by the government including Ministry of Finance & Economic Management (MFEM), Revenue Management Division of MFEM (RMD), Ministry of Justice, Labour & Consumer Services, Ministry of Transport, and other government agencies.

The Economic Development Strategy 2030: Relevant Actions

This guide was created in response to the Covid-19 Economic Recovery Roadmap (ERR) to provide a simple and easy to follow, relevant and timely information on legal requirements to start and operate a business in the Cook Islands that both informs individuals on key business regulatory processes. It provides a single platform on which all relevant business information can be sourced.



Understanding Compliance & Regulatory Requirements

What does comply or compliance mean in business?

To *comply* means to meet certain requirements so that your business can run legally. *Compliance* also relates to following a set of rules or request. For instance; If you are running a restaurant and selling alcohol, you must ensure the business has an alcohol license. If your business earnings is more than \$40,000 per annum, you must register for Value Added Tax (VAT). This guide outlines tax registration, VAT, Pay as you earn (PAYE) and other tips to help you consider when starting a business.

What is a Regulatory Requirement?

A *regulatory requirement* is a set of rules organizations must follow when running a business; examples of these are registering your business, taxes, licenses and permits (whether you have a large or small business). **Regulations keep businesses accountable by holding them to a set standard to ensure you comply with the legal requirements involved in starting a business.**

Your Business Guide

Business Trade & Investment Board (BTIB) is committed to supporting your new business venture and we want to work together with you to get the best outcome. After all, we want you to be **successful**. Our Government would like to encourage indigenous Cook Islanders to start your own business and by doing this, you will be creating opportunities and contributing to the Cook Islands' economic growth. **Well done for taking the first step!**



This go-to resource will connect and guide you through all stages of development – from testing your business idea to registering your business. Whether seeking information about registering a business, taxes, and more, BTIB's Business One-Stop Shop can help provide some answers to your business-related questions. Please note: the information in this document is intended as a GUIDE ONLY.

Below is your starting point.

1. Registering your Business Sole Trader / Partnership / Limited Liability Company
2. Tax Registration - PAYE, Income Tax, VAT and how to file your tax returns
3. Registering your Business - Sole Trader / Partnership / Limited Liability Company
4. Business Structure - Sole Trader / Partnership / Limited Liability Company
5. Other tips:
 - Keeping Records for your business and tax purposes
 - Cook Islands Superannuation
 - Testing your Business Idea
 - Developing your Business Plan
6. Other Useful Links



1.0 REGISTERING YOUR BUSINESS

1. Why Register your Business?

- The first legal requirement you'll need to meet as a new business owner is register your business name and make it legal.
- Registering your company enhances the reputation and perception of your business. It also shows that you are in this for the long haul.
- Registering your company name helps you start creating a brand identity.
- If you expect your revenue to top over \$40,000 a year, you will need to register for Value Added Tax (VAT) account with Revenue Management Department at Ministry of Finance & Economic Management (MFEM), which requires you to have registered your business.
- Registering your business can help when applying for financial services for your business you will need proof that you are operating a viable business (among other things).

1.1 Sole Trader & Partnership

STEP ONE: GET YOUR REVENUE MANAGEMENT DIVISION (RMD) NUMBER.

For a Sole Trader or Partnership, complete an Individual Application for

RMD No. RM1. To register, follow the steps below:

[Click here to download the RM1 Individual Application Form](#)

STEP TWO: REGISTER YOUR BUSINESS

Complete the RM2 Business Registration Form. You must register your business this way using the form RM2. It is a declaration form to confirm you are operating a business. You can also complete this form to register for Value Added Tax (VAT) if you earn over \$40,000 a year.

[Click here to download the RM2 Business Registration Form](#)

STEP THREE: DECLARE YOUR REVENUE AS PERSONAL INCOME.

Income Tax is paid on all income earned in the Cook Islands and all worldwide income received by Cook Island Tax residents. You are required to file annual income tax returns. See [Page 12](#): how to file your tax returns.

STEP FOUR: FILE YOUR ANNUAL INCOME TAX RETURNS

Taxpayers are required to file annual income tax returns. Individual [income tax returns](#) are due on 1 March the following year.

The Cook Islands tax year is 1 January - 31 December. Tax payments due to RMD 1 October. Subject to additional tax as of 1 November.

Example: Income received in tax year 2020. Declared 1 March 2021. Tax payable 1 October 2021. Subject to additional tax 1 November 2021.

Businesses not incorporated, such as most shops, must declare their revenue as personal income, either as a sole proprietor or in a partnership.

For Individual Income Tax Rates for the 2021 period and 2020 period, click on the following link to MFEM's website for these details. [Individual Income Tax Rates](#)

STEP FIVE: SUBMIT YOUR DOCUMENTS TO RMD OFFICE

Once you have completed RM1 and RM2 forms, either scan this and send to tax.info@cookislands.gov.ck or visit MFEM (RMD) office in town (above Bounty Bookshop). The can process your application while you wait or they will email you.

RAROTONGA

Revenue Management opening hours are from 8:00am to 4:00pm weekdays.

Ph: +682 293365 or email tax.info@cookislands.gov.ck

AITUTAKI

Revenue Management opening hours are the same as Rarotonga hours.

Ph: +682 31187 or email bob.toka@cookislands.gov.ck



1.2 For Limited Liability Company

To register your business as a Limited Liability Company, you must register online with the Ministry of Justice. See below for further assistance:

Step One: Create an Account

1. Click on the [Create Account](#) link.
2. After logging in, select the registry account type option **setup a Company account**.
3. Read and agree to the terms and conditions.
4. **Enter** the general information for the account. You will be required to designate a Security Administrator for the account. This user will maintain all associated user and general account information, and will be the point of contact for communications with the registry.
5. **Press Save.** The Registrar will review your application and, if all is in order, will approve your account. You will receive an email confirming this action.

You must have the following information

Proposed Company Name:

The proposed name of the company must be in English. Note: this cannot be the same or nearly the same as a name already in use by another registered entity.

Click [here](#) for name search.

Company Contact Details:

Contact information for the company, including the registered office and principal/location place of business.

Directors and shareholders:

All of the company's directors and shareholders must be named.

Company Constitution:

The new Act provides three default constitutions that any company may use. The number of shareholders determines which of the constitutions applies. View the constitution options in the **Law and Regulations** drop-down in the top navigation bar.

If your company is not using one of these default constitutions, you will be required to upload a copy of the company's constitution.



If you need help, click on the link below and this will take you through to the Ministry of Justice Registry website. It will provide a list of information you need.

Ministry of Justice - Registry

You can email Ministry of Justice on moj.finance@cookislands.gov.ck.

2.0 Tax Registration for your Business

When you start a business, there are tax responsibilities you need to know. Understand which taxes apply to your business type, and how to register for them.

If you are a business with no staff, this section may not be relevant to you at the moment however, it is recommended that you understand the obligations of an Employer who may have staff in future.

Your obligations as an Employer

As an employer, you must make deductions from payments you make to people who work for you. You must pay the deductions to Revenue Management. There are penalties for not fulfilling these obligations

Here's a rundown on the business taxes you need to operate your business whether you are a Sole Trader or a business who has employees.

If you hire staff, the company needs to register as an employer with RMD and meet a number of obligations.



Why do we need to pay TAX?

Taxes are a compulsory contribution to the Countries revenue. It is imposed or collected by the government on workers' earning, business profits, or added to the cost of goods, services like VAT and other transactions.

Tax is every person's fair share

Tax is every person's fair share towards helping fund the Cook Islands way of life. Money also **helps to ensure the roads you travel on are safe and well-maintained**. Without them it would be impossible to pay for the country's infrastructure services, its health, welfare and social services, its schools and its transport systems. Financial support is also given to other vital areas such as industry, tourism, heritage and culture.

2.1 How to get your RMD Tax Number

An RMD (Revenue Management Division) number is your personal/business tax number which identifies you and/or your business to RMD, MFEM.

You need an RMD number if you are:

- earning income through a paid employment, a benefit or pension, or from an investment;
- opening a bank account;
- paying Superannuation
- applying for Child Support, Student Loan, Employment Family Benefit or other.
- filing a tax return

You can apply for an RMD number for:

- yourself / individual/ sole trader
- your company, partnership, estate, trust, club, society, superannuation etc

STEP ONE: You must complete the following Individual Application for a RMD number - RM1.

**RMD Number - RM1
Application Form**

2.2 Register your Business

STEP TWO: You must complete the following RMD Form 2. This is to register your business, your business structure, if you have employees and if you are registering for Value Added Tax (VAT) as well.

**Register your Business -
Use RM2 Application Form**

If you have your RMD number already then all you do is register online via RMD's e-Tax website to help you manage your tax returns. **See below for details.**

**Register e-Tax Online for
FREE. Manage your tax returns
online**

Make sure you have your RMD number. All you do is enter your email, full name, business name and RMD number of the business you are registering to access the e-Tax Website.

Once your registration is submitted, RMD will contact you to confirm your identity. It generally takes 4-5 working days to process. Note: only those authorized to access tax records for that RMD number

provided will be registered as a user. Once your registration details have been confirmed you will receive an email with your temporary password.

2.3 PAYE (Pay As You Earn)

Do you have staff? If you do, then PAYE is the basic "Pay As You Earn" tax which you as an Employer take out of your employees' wages whenever you pay them. If you are a Sole Trader and don't have any staff yet, then proceed to **Page 12: Pay Your Income Tax.**

Deducting PAYE

When you start employing staff, RMD will send you a booklet of PAYE deduction tables containing the current tax rates so that you know how much tax to deduct from each employee's pay. Download the **Tax Deduction Certificate** Part A: Employee to complete and Part B: Employer to complete. You must send this to RMD for PAYE year ending 31 December.

Failing to make deductions

Employers must deduct PAYE from any payments made to employees. Failure to do this is a serious offence and can result in the employer being prosecuted.

**PAYE Information - Click
here**

2.4 VAT (Value Added Tax)

What is VAT?

VAT is a tax on goods and services supplied in the Cook Islands by VAT-registered persons. It may also apply to imported goods and certain imported services. It is charged and accounted for at a rate of 15%. Anyone who carries on a taxable activity, or who intends to do so from a definite date, may register for VAT.

When to register for VAT

You must register for VAT if your turnover (sales from taxable activities), including certain imported services you receive:

- is over \$40,000 for the last 12 months,
- or is expected to go over \$40,000 for the next 12 months (ie, \$3,500 per month).

Your returns can be filed monthly online or manually. You can choose to register even if your turnover is less than \$40,000 (but your turnover must be over \$20,000 per annum). Before you register for VAT or as an employer, seek advice from us, an accountant or a tax advisor about whether or not they need to register. There may be financial implications if they need to de-register at a future date.

What to do after you've registered

When you've registered for VAT you must:

- charge VAT at 15% on all your sales, except those exempt from VAT
- give tax invoices to VAT-registered persons within 28 days of being asked to
- keep VAT tax invoices when you buy items for your business

- hold a tax invoice to claim a VAT credit for a supply of more than \$50 (including VAT).

How does VAT work?

Most goods and services supplied in the Cook Islands have VAT added to the price. The exceptions are goods and services supplied by businesses not registered for VAT, and exempt supplies.

- VAT-registered businesses charge VAT on their sales and income and claim back the VAT on their purchases and expenses.
- To claim the VAT you have paid, you need to complete a VAT
- If there's VAT to pay, you pay this amount to Revenue. If there's VAT to be refunded, we'll pay you this amount.
- Businesses not registered for VAT can't charge VAT on their sales, or claim back the VAT on their purchases.
- Complete and submit your VAT return and make any payment by the due date
- Keep records to support the figures in your VAT returns

What information do I give my customers?

As a VAT-registered person, you'll need to give your customers tax invoices.

The information you put on a tax invoice depends on the value of the goods or services being sold.

- If a sale is less than \$50, you can issue or receive a receipt instead of a tax invoice, eg, a till
- If you make a sale or purchase of \$50 or more, you'll need to issue or keep a tax.

2.5 Pay Your Income Tax

A tax return is **documentation filed with RMD that reports income, expenses, and other relevant financial information.** On tax returns, you as the taxpayer can calculate your tax, schedule tax payments, or request refunds for the over-payment of taxes. Tax returns are filed annually. How much tax do you pay? The way you receive income, through employment, or business determines how you calculate your income tax.

Sole Trader

If you're in business in your own name, or in a partnership, you'll be responsible for all its income and debts. You pay income tax on your net profits. The taxable income is the net profit the business makes after deducting all allowable expenses.

Partnership

The net profit is shared between the partners and included in their personal income tax returns.

Company

If your business is owned by a limited liability company and pays you a salary, you'll be taxed on your salary as an individual. The company's gross revenue less all the business expenses (including your salary) determines its net profit. Any profits belonging to the company are taxed at the company tax rate of 20%.



2.6 How to File your Tax Returns

If you're:

- a **sole trader**, you must file an individual income tax return (RM5). Click on the following button. You will need to select the year for your income tax return.

Individual Tax Returns Go to MFEM to download forms

- in a **partnership**, each partner needs to file their own return and your business needs to do a partnership income tax return (use RM5)
- setting up as a **limited liability company**, your business needs to file a companies income tax return (RM6).

Company Tax Returns RM6 Go to MFEM to download form

Register Online and manage your tax returns here

Register e-Tax Online for FREE. Manage your tax returns online

Rarotonga

Phone: (+ 682) 29365 Fax: (+ 682) 29465

Email: tax.info@cookislands.gov.ck

Failure to submit your tax returns on time, may result in prosecution. See RMD Prosecution Guidelines for more info:

RMD PROSECUTION GUIDELINES

If you are VAT registered, remember to include VAT in your prices, quotes or invoices.

Deregistering for VAT
If your turnover is under \$40,000 a year and you don't want to keep charging VAT, or if you close down your business, you must let Revenue Management know — call or email tax.info@cookislands.gov.ck and let them know the date you want to stop charging VAT. If you don't deregister, you still have to keep filing returns. You may have to pay VAT on any payments you collect, even if you have not charged it.

Keep accurate records, for all your receipts and invoices.

3.0 LICENSE & PERMIT

3.1 Food Permit | License

Certain businesses such as those which involve the preparation and handling of food must obtain a food permit. The importation, supply and sale of food is legislated through the Food Act 1992-1993. Any person or establishment selling, producing or supplying food is required to obtain a food license. The Public Health directorate are required to protect the health and well-being of consumers and set and monitor food standards.

All food handlers selling food to the public are required to apply for an annual food license from the Public Health office. An application for a food license will require food handlers to obtain a medical certificate from a clinician at Te Marae Ora and undertake a written test on food safety. Click here to download an annual food license: [Download the annual Food Licensing application form.](#)

It is also important to be familiar with the Food Regulations 2014. It includes the food standards, importation of food, food safety and hygiene, marketing of food and offences against these regulations.

Click here for the Food Regulations Guide: [Food-Regulations-2014.](#)

Once you have filled in your application, contact Ministry of Health today. Click here to Ministry of Health's website and additional information on how to obtain your food health license.

Website: Ministry of Health



3.2 Environmental | Building Permits

If you are building, you will require a building permit for your new business. There are building rules and regulations. The first place to check is the National Environment Service for environmental requirements. [Click here for their website.](#) You may also want to check out Infrastructure Cook Islands Building Regulations as well. You will find building application permits and other useful information to help you get started. [Click here for ICI's website details and building regulations.](#)



3.3 Work | Employment Permits

If you are interested in employing people from overseas, they must apply for a **work permit with the Ministry of Foreign Affairs and Immigration.** This involves completing a health clearance check/certification and a police clearance check/certification before traveling to the Cook Islands.

Persons entering the Cook Islands to take up employment must hold relevant skills and qualifications for the vacant position applied for, and must also satisfy health and character requirements. There is also provision for people who wish to invest in business and live in the Cook Islands. **See Foreign Direct Investor Regulations below.** To facilitate the processing and entry of a foreign worker for work purposes, the sponsor as the employer is responsible for arranging and ensuring that the applicant meets the entry and work requirements in the Cook Islands.

For more information regarding immigration laws and regulations, you can contact the Ministry of Foreign Affairs and Immigration (MFAI) directly by email – immigration2@cookislands.gov.ck. [Click here to Ministry of Immigration's website.](#)



3.4. Employment Requirements

Employing workers / staff for employment with the right information and understanding, is important. Recruitment is a key step to ensure that your business continues to be successful.

Ministry of Internal Affairs has a wealth of information to help you with labour and consumer services including starting employment, during employment, ending employment as well as fair and decent workplace practices.



EMPLOYMENT RIGHTS

[Click Here: Here is a good place to start - Labour & Employment Relations.](#)

Furthermore, all Employers should follow and respect the minimum terms and conditions as required by the law. It's important that you familiarize yourself with the Employers Relations Act: Click here: [Employers Relations Act 2012.](#)

3.5 Partnering with a Foreign Investor

If you are a Cook Islands resident (indigenous | permanent) interested in partnering with a foreign business partner or an investor including foreign corporations, partnerships and trusts, you must contact Business Trade & Investment Board Foreign Enterprise team. You must register the foreigners' interest in the Company. This includes shareholding interests, control of shares and your involvement in the management and control of the business.

For Foreign Direct Investment, click here for details, forms and applications.

3.6 Land Transport Permits

A license or permit may be required if your business is involved in taxi services, rental or passenger services. The licensing of transport services are administered through the Ministry of Transport. [Click here for Land Transport Website details.](#)

This checklist is a guide only however, you may need to do further research on the licenses and permits relevant to your business.



3.7 How to Apply for a Liquor License

The issue of a Liquor License is managed through the Ministry of Transport



Any sale or supply of liquor in public places requires a license as stated in the Sale of Liquor Act 1991-1992. The Act sets out the requirements and criteria the Liquor Licensing Authority consider when granting liquor licenses. In many cases these licenses serve to show that the business in question has met specific liquor-regulated standards.

Liquor License is issued to a named person, company or organization and cannot be transferred. There are different types of licenses as identified in Part II of the Act, and these may include:

- Hotel / Motel
- Bar
- Restaurant and Restaurant/Bar
- Club premises
- Night club
- Retail premise
- Special licenses for premises or particular trading hours and guest room bar licenses
- operating a vessel / boat

Unless specifically indicated, the license authorizes the holder to sell or supply alcohol on the premises only. Liquor cannot be removed from these premises. There can be various conditions that apply to each license. **There are a number of application forms that you will be required to fill in.**

The following will help you apply for a Liquor License:

TO OBTAIN A LICENSE FOR THE FIRST TIME:

This [information sheet](#) will help you with the steps required to obtain a license for the first time.

- Complete an Application for a [Liquor Licence \(Form LLA-01\)](#)
- Complete an Application for a [Manager's Certificate \(Form LLA-02\)](#)
- Complete a Consent to [Disclosure of information \(Police Report\)](#)

TO RENEW YOUR LICENSE:

Click on this [information sheet](#) to help you with the steps required to renew your liquor license.

Use this [information sheet](#) to help you with the steps required to renewing your Manager's certificate.

- Complete the following Application for the Renewal of a [Liquor Licence \(Form LLA-03\)](#)
- Complete the following Application for the Renewal of a [Manager's Certificate \(Form LLA-04\)](#)
- Complete the following consent to the [Disclosure of information \(Police Report\)](#)

TO OBTAIN A SPECIAL LICENSE:

If you are holding an event where alcohol will be provided and people attending pay for the alcohol by either purchasing from a bar, via a ticket system or cost of the alcohol is included in pre-paid tickets, then you are considered to be selling alcohol, therefore you are required to hold a Special License.

This [information sheet](#) will help you with the steps required to obtain a 'Special License'.

- Complete an Application for a [Special Licence \(Form LLA-05\)](#)
- Complete a Consent to [Disclosure of information \(Police Report\)](#)



If you need help, contact Ministry of Land Transport today. [Click here.](#)



4.0 CHOOSING YOUR BUSINESS STRUCTURE

4.1 Business Structure Overview

Whether you're self-employed, in partnership or running a company, there are different ways to structure your business. Here's where you'll find information about each option, including the pros and cons, to help you decide which structure best suits you or for your business.

Before you start:

There are different ways to structure your business, each with different legal and financial obligations. Most businesses in the Cook Islands are either sole traders, companies, or partnerships.

When you are starting a partnership or a company, it still pays to think about why you're doing it and which choice will best suit you. The structure you choose can impact your ability to grow or sell the business, so it's important to get it right.

You may want to talk to people who have chosen the structure you're thinking about. Think about getting an advisor, who specializes in advising people in the industry you want to work in. Contact BTIB for assistance in this area. Click here for our contact details.



4.2 Sole Trader

Sole traders are people who are in business on their own, without registering as a limited liability company. Many small business owners, contractors and self-employed people begin as sole traders. It's the cheapest and easiest option, and may appeal to you if you want to make a living by following your passion, or to work as a contractor.

Staff

You can hire staff to help run the business. If you do hire staff, you will need to register with RMD as an employer and meet a number of obligations including Taxes.

Pros and cons

Upsides include:

- It's easy to set up – you can get up and running quickly.
- Start-up costs are low – there are no legal or registration fees.
- You control the business and get all the profits.
- You can offset losses against other income.

Downsides include:

- You're responsible for paying back all debts – this may put your personal assets at risk.
- It's harder to grow a sole trader business.
- Getting loans or investment can be more challenging.
- It's harder to sell as a working business.

Tax

Income Tax is paid on all income earned in the Cook Islands. As a sole trader, you must declare their revenue as personal income.

4.3 Partnership

A partnership is when two or more people or organizations form a business. It is recommended that you set out a partnership agreement so you know how you will share profits, debts and work expectations.

Staff

If you hire staff, the partnership needs to register as an employer with Revenue Management Department and meet a number of obligations.

Pros and cons

Upsides include:

- You can share the load of running a business
- Costs are also shared
- Partners can specialize and focus on strengths
- Partners can bring in more capital investment
- Partners can offset losses against other income



Tax

A Partnership doesn't have to pay income tax as a business. It distributes all the income between the partners, who then pay income tax on their share - Refer to Tax Registration information for your partnership business.

Downsides include:

- Each partner is liable for all the partnership's debts - putting personal assets at risk

You may be responsible for paying off your partner's business debts too.



4.4 Limited Liability Company (LLC)

Doing business as a company can be more complicated than other business structures. For example:

- You must file annual returns with Revenue Management Division (RMD at MFEM).
- Different rules apply to how a company and its shareholders pay tax.
- Details of a company's directors and shareholders must be provided to the Companies Office at Ministry of Justice, in Avarua.

When starting a company, it's a good idea to get as much advice as you can. Talk to people you know who've started companies or who advise business owners, eg accountants and business mentors.

Pros and cons

Upsides include:

- Shareholders' liability is limited to the amount they paid for their shares.
- Your tax rate is lower than top personal rates.
- The business can grow indefinitely – it's not tied to one person.
- It's easier to sell a business because it's a separate entity.
- It's easier to get funding and investment.

Downsides include:

- There's more regulation than for sole traders and partnerships.
- Companies may need more investment to grow.
- Directors need to understand their responsibilities.

Staff

If you hire staff, the company needs to register as an employer with RMD and meet a number of obligations.

Tax

A company pays tax on its profits — the income left over after taking away expenses. If the company distributes profit to its shareholders, shareholders will pay income tax on the dividend but may also get tax credits to help them meet that obligation. For more information on these topics, please contact your financial advisor or an Accountant. If a company's expenses are more than its income, it makes a loss and may not have to pay tax.



Still not sure? If you need help choosing the best structure for your business, contact BTIB today on +68224296 or email btib@cookislands.gov.ck today.

OTHER TIPS: TESTING YOUR BUSINESS IDEA

You have a great idea and want to start a business. But do you have what it takes to make it a success? Every year, more new small businesses fail than succeed. But that should not stop you. Here is your opportunity to test your idea by answering these questions.

Test your idea by answering some of these questions below to help you get started:

- **Do I have what it takes to do this business?**
- **How good is my business idea?**
- **Do I have competition?**
- **Did I run the numbers? Will I make a profit?**
- **Will my business idea solve a problem or a need?**
- **Will people buy from me?**
- **How much will it cost for me to start my business?**
- **How am I going to market my business?**
- **Do I have a business plan? If not, how do I develop one?**

Check below and see if you can answer some of these questions.

Do I have what it takes?

Running a business can be challenging. Some business owners work long, unpredictable days until they make a profit.

It helps if you are:

- **Passionate:** If not, you'll find it hard to keep going when you hit a hurdle.
- **Prepare to make changes:** You might have less money to spend. Time spent on hobbies and social activities, or with family and friends, is likely to change too – at least while the business is getting up and running.
- **Good at managing risk:** It may take time to develop a steady flow of revenue.
- **Stay Persistent:** Things may not always go to plan. Focus on what is important and tell yourself why you are doing this. Don't give up!
- **Open to learning new skills:** You may have to be company CEO, bookkeeper, sales team and cleaner until you hire specialist staff or advisors. You're also going to be developing what your business is selling – and working out how to sell it. It may mean doing this on your own until things get better and the business is doing well.

How good is my business idea?

There can be big differences between a good idea and an idea that will be strong enough to build a business from. Often the most commercially successful ideas are the simple ones, like identifying a gap in the market that can be filled with a new product or service, or adapting and improving an existing business idea.

Take time to assess your business idea before you leave your job, borrow money, or make big changes to your life.



Do I have competition?

Competition in the marketplace means having a market where there are multiple businesses offering competing products and services. These companies seek to attract customers and to gain larger market shares by improving price, quality and service. Competition **can foster creativity**, provide valuable lessons, and inspire people to challenge themselves and achieve things they never thought possible.



Competition is good sometimes. But have these businesses been operating for a long time? If so, there is an established market. Competition will force you to innovate, staying ahead of the curve. It's important to stand out and ensure that your business has a point of difference than your competition. How will you market yourself, is another area to consider. Think about **PRICING, QUALITY & SERVICE**, and the way you market yourself and your business branding.

Did I run the numbers? Will I make a Profit?

Don't forget to run your own numbers about how much business you'll need to generate to cover your business expenses and household expenses including being able to support your family. If you plan to tap into your own savings or borrow / loan money, ensure there is enough to cover cover your monthly costs as well. It may take some time before you will start seeing any profit from the business. You may also consider doing a part-time job to help you get started.

NUMBERS STACK



Will I fill a need in the market?



Is your idea for a business going to solve a problem – or fill a need in the market – for the public or other businesses?

If your answer is no, scrap it and start again. If your answer is yes, think about the scale of this problem or need. If it's minor, you might struggle to make sales. You need to solve what's giving people a major headache, or provide something they can't get elsewhere. This is a key part of business planning understanding the value you bring to the market. It's a good idea to draw up a basic business plan – even just a one-pager – to help test whether you have a sound idea or put together what you want to achieve.

How much will it cost to start up?

Once you've drawn up a basic plan and crunched some numbers, you need to figure out how much money you'll need to start your business.

How much money do I need?

Will I need a business loan to kick start this new idea?



Do I have a business plan?

A business plan is a very important and strategic tool for **entrepreneurs**. A good business plan not only helps entrepreneurs focus on the specific steps necessary for you to make business ideas succeed, but it also helps you to achieve short-term and long-term objectives.

The section below provides an outline of business planning and will help you develop your business plan. If you already have one, then you are on your way to starting your business. Well done! Have you set up your Superannuation yet. Go to Page 25 to get started.



DEVELOPING YOUR BUSINESS PLAN

If you want to start, grow or manage your business effectively, you'll need a business plan. There isn't a one-size-fits-all formula to write a business plan, but there are some key things to consider. Learn how to develop a business plan with a business plan template to suit your planning needs. We have provided a link below for you to review as it explains each part of the business plan in detail. We believe this will help you understand how to put one together.

All you do is click on the following Business Plan button to help you get started. This is a step by step guide to help you understand what each area of business planning means and why it is important to include this in your business plan.

How to Develop
your Business Plan

Download a FREE Template

If you have an idea of what you want to write in your business plan and you need a business template, all you do is download the following word document business plan template.

Remember, a business plan will help you to prioritize, provide business direction, define your objectives, map out how you will achieve your goals and help you to manage possible bumps along the way. All you do is download the document and fill in the blanks.

Business Plan
Template

KEEP ACCURATE AND UP-TO-DATE RECORDS

Keeping accurate and up-to-date records is vital to the success of any business. Many business owners invest a lot of time and effort into the running of their business and yet fail to realize the importance of maintaining good documentation. As part of your obligations to Revenue Management as a Registered Tax Payer, you must keep records of all income and expenses for your business and for Revenue Management audit purposes. Good records will help you do the following:

- Monitor the progress of your business
- Prepare your financial statements
- Keep track of your deductible expenses
- Prepare your tax returns
- Support items reported on your tax returns

Good records will keep you on your toes and enable you to monitor every situation. These records include:

- a record of all receipts and payments
- bank statements, cheque butts and deposit books
- invoices and receipts
- working documents for all calculations, including a vehicle logbook (if you are using this for your business)
- a list of assets and receipts with cost price and purchase date
- a copy of the rental agreement and rent book
- a copy of any loan/mortgage agreement.

Use a spreadsheet to keep your records or a manual system as shown above using a hard-copy Filing System.

Prepare your financial statements

You need good records to prepare accurate financial statements. These include income (profit and loss) statements, cash flows, sales forecasts and balance sheets. These statements can help you in dealing with your bank or pay who you owe you money and help you manage your business.

The following documents are intended as a GUIDE ONLY and DOES NOT constitute financial advice, please always verify and discuss your financial statements with a qualified accountant or financial advisor.

•An **income statement** shows the income and expenses of the business for a given period of time. [Click here for a Income Statement Sample.](#)

A **balance sheet** shows the assets, liabilities, and your equity in the business on a given date. Limited Liability Companies are expected to complete a balance sheet as part of their annual return. [Click here for a Balance Sheet Sample template.](#)

A cash-flow statement is a financial statement that summarizes the amount of cash entering and leaving a business. [Click here for a Cash-flow Excel sample template.](#)

A **sales forecast** outlines expected sales revenue. It estimates how much your business plans to sell within a certain time period either monthly, quarterly or annually. [Click here for Sales Forecast Excel sample template.](#)

Keep track of your deductible expenses

Unless you record them when they occur, you may forget expenses when you prepare your tax return. Keep track of your deductible expenses.

Prepare your tax return

You need good records to prepare your tax returns. These records must support the income, expenses, and credits you report. Generally, these are the same records you use to monitor your business and prepare your financial statement.

Support items reported on your tax returns

You must keep your business records available at all times for inspection by MFEM when required. If MFEM examines any of your tax returns, you may be asked to explain the items reported. A complete set of records will speed up the examination.

Every person(s) carrying on a business or deriving an income (other than salary and wages) shall keep sufficient records to enable that person's accessible income and allowable deductions to be readily determined by the Revenue Management Division. Refer to: [Income Tax Act 1997](#).

These records must be held for at least five years, even if you stop operating. You don't need to send your records or working papers with your tax return, but you must keep them in case Revenue Management wants to see them.

Keep a Separate Bank Account for your Business

It's a good idea to use a separate bank account for your business activity to record your income and expenses. Click here to find out more about [Business Banking](#) for your business.



Still not sure? If you need help with book keeping or not sure where to start, contact BTIB today. We can go through the various documents with you step by step. Call us today on +68224296 or email btib@cookislands.gov.ck.

COOK ISLAND SUPERANNUATION INFO FOR BUSINESSES

Superannuation (super) is money you pay for your workers to provide for their retirements. If your business employs people, make sure you know the requirements for paying super. Find out what you need to do when paying super for employees, super fund choices, and making super contributions. Most importantly, you should consider putting aside super for yourself as a business owner.

Do you have to pay Super for your workers?

All employers must make these payments or pay contributions for eligible employees as part of the Cook Islands National Superannuation Fund Order 2016. This Order is found in the CINS Act 2000.

The following information will help you get setup.

Click below Information for Employers for more details and what is required of you as an Employer.

Information for Employers

To find out more information about Contribution Rates, click below for more information.

Employers Contribution Rates

Click on the following information for CINSF forms. It includes Employer Handbook, Employer Registration Form and members handbook including membership forms.

Forms



Still not sure? If you need help with superannuation for you and your business, contact CINSF today. Telephone +682 25515 or email them on enquiry@superfund.gov.ck.

OTHER USEFUL LINKS

1. [BTIB is accepting Applications for Business Soft Loans](#)
2. [Business Training Packages for your consideration offered by BTIB](#)
3. [Sole Trader Cash Grants information](#)
5. [Employment Services for Employers](#)
6. [Importers Information - air / sea / mail](#)
7. [Exporters Information - air / sea / mail](#)

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