



Papua New Guinea

Tax Alert

March 2022



In this issue

This month, we bring updates on the following:

- Goods & Services Tax
- Market Concentration Levy
- IRC Announcements
 - Taxpayers in the Mining & Petroleum Sector (Project Operators & JV Partners)
 - Taxation Appeals – Disputed Tax Deposit
 - Tax Agent Bulletin
 - New 2021 Tax Forms
- Immigration update
 - Visa on Arrival
- Australian Federal Budget
- Reminders: Tax and Statutory

Have something to contribute? E-mail us at DTTtaxPG@deloitte.com.au



Your spot on the **green dot**



Goods & Services Tax

The government has announced in Parliament on 23rd March 2022, the removal of the 10% GST on certain goods & services to help relieve the economic hardships faced as a result of the Ukraine-Russia war. The removal of the 10% GST is proposed to be a temporary six-month measure from the time it comes into effect. The government expects to introduce the GST legislative changes when Parliament reconvenes in April 2022. Items the government aims to remove GST include:-

- Fuels – diesel, zoom, whether petrol & kerosene
- Rice
- Cooking oil
- Tinned fish
- Flour
- Noodles
- Biscuits
- Ox & Palm
- Coffee

- Tea
- Diapers
- Female sanitary pads.

Despite the proposal's good intentions, there have been some concerns raised by affected industries on the practicalities of complying with these changes in the GST treatment of select products at short notice and on a temporary basis. Assuming these difficulties can be overcome, the amendments to GST on essential goods does have its advantages. GST is in practice a regressive tax, meaning these targeted measures should have a greater proportionate benefit to lower income earners.

Finally, we note there have also been calls a temporary reduction in excise on fuel to counter increase in prices, similar to what has now been done in Australia (see Budget Alert link below).

We will continue to follow the GST relief measure and provide more updates as they are announced.

Market Concentration Levy

The 2022 National Budget announced the introduction of a Banking Levy and a Telecommunications Levy of PGK 190Mn for BSP and K95Mn for Digicel respectively. The initial legislative enactment of these levies was deferred following concern from affected stakeholders. However, after further consultation, including with Telstra, and in light of the critical work for budget repair, the levies were approved as legislation on the parliament on Wednesday the 23rd of March.

The conditions for the levy to apply are that the entity must:

- (i) Have more than 40% market share and
- (ii) They must be in a taxable position.

The levies thereby affect only a single participant in each sector, being BSP and Digicel. This has raised concerns over the fairness of the tax and its effect on the returns the shareholders of BSP, which includes the superfunds. The acquisition of Digicel by Telstra has also seen the Telecommunication Levy dubbed as an exit tax. Treasury has responded that the high levels of market concentration the two entities have held for a number of years is justification for the fairness of the levies.

BSP will be required pay PGK190Mn on 30th September, while Digicel/Telstra will be liable for a one off PGK350Mn payable 30th March. The levies are implemented in the form of an additional income tax.

IRC Announcements (cont.)

1. Taxation Appeals – Disputed Tax Deposit

On the 10th of March 2022, the IRC released a public notice regarding Taxation Appeals – Disputed Tax Deposit pursuant of Section 247 of the Income Tax Act.

The notice highlights that the lodgement of a tax appeal to the Income Tax Review Tribunal or to the National Court shall only be valid after mandatory payments of:

- (i) The payment of 50% of the disputed amount of tax; and
- (ii) In the case of an application to the Tribunal, the following fees are in compliance with Section 248 –
 - Where the value of tax in dispute does not exceed K2,000 per year of tax – K50 per application, or

- Where the tax value in dispute exceeds K2,000 per year of tax – K250 application

All payments of the 50% disputed tax amount, can be deposited into the following trust account:

Bank:	Bank South Pacific
Account name:	IRC Disputed Tax Holding Trust
Account	
Account number:	7026123542
BSB number:	088-294
Swift code:	BOSPPGPM
Branch:	Port Moresby

IRC Announcements (cont.)

Disputed tax amounts deposited into the account will be held in trust and the trust instrument and will only be dealt with in accordance with the outcome of the appeal. The process for the payment of the K250 appeal fee will continue as current.

2. Tax Agent Bulletin

The IRC has released the Tax Agent Bulletin No.01 of 2022. The bulletin advises registered tax agents on the requirements for the lodgement of income tax returns, changes in relation to the Tax Administration and the Tax laws including the Income Tax Forms for the year ended 31 December 2021.

Two key announcements in the Bulletin include:

a) Small Business Tax Returns

2022 will be the first full year for the implementation of the Small Business Tax Regime since its commencement in April 2021. The dues dates for the lodgement of the SBT returns are as follows:

SBT Category	Due date
Annual turn-over less than K60,000.00	On or by 28th January 2022
	Quarter 1: on or by 28th April 2022
	Quarter 2: on or by 28th July 2022
	Quarter 3: on or by 28th October 2022
Annual turn-over K60,000.00 or more	Quarter 4: on or by 28th January 2023

b) MyIRC Portal

Following the launching of the IRC's online portal "MyIRC" on the 20th of December 2021, taxpayers can now use the portal to make instant online payments and interact with the IRC on your phone, tablet or computer. In order to use it, taxpayers are required to register on the portal and can link their account to their tax agent.

The payment method includes Online Card Payment whereby IRC accepts any cards that display the Visa, MasterCard, China Union Pay logos, CreditCards as well as locally issued Kina Bank HandyCards, ANZ Bank Cards and MiBank MiCard. The IRC is also considering how to expand the Portal to other payment options.

Finally, MyIRC is intended to eventually progress further into an online lodgement facility for tax returns, which will generate a unique reference number for each lodgement while updating taxpayer Statements of Account automatically.

3. New Tax Return Forms

The IRC further released a public notice on 4th March 2022 to use to the updated 2021 Tax return Forms when submitting to the IRC. The IRC has stated using the new forms will mitigate unnecessary data entry issues and account reconciliations. The form releases include an infrastructure tax credit schedule.

The updated forms can be found on the IRC website under the Forms tab.

Immigration Updates

Visa On-Arrivals (such as Business Visa/Tourist Visa) – are still closed until further advised by Immigration.

Feel free to contact our Deloitte Immigration Team, Arlene Kaiulo on email dtimmigration@deloitte.com.pg for further clarification.

Other news

The Australian Federal Government has announced its 2022/23 Budget. A summary and analysis of the Budget can be found using the following link: [Federal Budget 2022-23 | Deloitte Australia | Tax, Economics](#)

Reminders: Tax and Statutory Compliance

- Advance Payment Tax Estimates for the 1st instalment by 31st March 2022 (Taxpayers in Mining & Petroleum sector).
- Annual Returns with filing month in March are due by 31st March 2022.
- 7th April is the due date for Salary & Wages Withholding Tax (SWT).
- 21st April is the due date for Goods and Services Tax (GST).

For more details please contact your key Deloitte contacts or any of the following:

Leadership contacts



Andrew Harris
Partner
Tax and Business Services
Tel/Direct: 675 308 7010
andrewharris@deloitte.com.pg



Sanchika Sutharshan
Partner
Tax and Business Services
Tel/Direct: +675 308 7160
ssutharshan@deloitte.com.pg



Declan Mordaunt
Senior Counsel
Tax and Business Services
Tel/Direct: +675 308 7037
dmordaunt@deloitte.com.pg



Maygen Turliu
Director
Tax and Business Services
Tel/Direct: +675 308 7017
mturliu@deloitte.com.pg

Deloitte.

Deloitte Touche Tohmatsu Limited
Deloitte Haus
Level 9, Macgregor Street
Port Moresby
Papua New Guinea

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

About Deloitte

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 286,000 people make an impact that matters at www.deloitte.com.

About Deloitte Asia Pacific

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities provide services in Australia, Brunei Darussalam, Cambodia, East Timor, Federated States of Micronesia, Guam, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Palau, Papua New Guinea, Singapore, Thailand, The Marshall Islands, The Northern Mariana Islands, The People's Republic of China (incl. Hong Kong SAR and Macau SAR), The Philippines and Vietnam, in each of which operations are conducted by separate and independent legal entities. About Deloitte Asia Pacific

About Deloitte Australia

In Australia, the Deloitte Network member is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 8000 people across the country. Focused on the creation of value and growth and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at <https://www2.deloitte.com/au/en.html>.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network.

© 2022 Deloitte Touche Tohmatsu.

Designed by CoRe Creative Services. RITM1009043