



# Papua New Guinea

Tax Alert  
July 2021



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## IRC updates

**1. Provisional Tax** The IRC released a notice to all corporate taxpayers for the payment due date for the 2nd instalment provisional tax those taxpayers using the standard accounting period and the 1st and 3rd instalments for taxpayers using the substituted accounting periods (SAP).

Payment for Provisional Tax (PT) for Instalment 2 for taxpayers using the standard accounting period (1 January 2021 – 31st December 2021) will be due on the 31st July 2021.

For those Taxpayers using the following SAP, PT for Instalment 1 and Instalment 3 will also be as follows:

SAP period used	Instalment	Payment due date
1 <sup>st</sup> April – 31 <sup>st</sup> March	2021 1 <sup>st</sup> Instalment	29/07/2021
1 <sup>st</sup> October – 30 <sup>th</sup> September	2021 3 <sup>rd</sup> Instalment	26/07/2021

**2. Taxation of Charities** The IRC also issued a new circular (TC 1/21) outlining the Commissioner’s views on the requirements necessary for charities to obtain exemption from income tax. It also briefly covers zero rating for GST purposes.

The circular reaffirms the Commissioner’s prior views in most regards but equally adds some new issues and requirements. The circular will be of great interest to persons who are currently establishing charities or those seeking renewal of its charitable

status. We will be making submissions to the Commissioner on a number of matters.

A copy of the circular can be found by following the link below: [https://irc.gov.pg/publication\\_guides\\_category/tax-circulars/](https://irc.gov.pg/publication_guides_category/tax-circulars/) If you would like to discuss the circular or have strong views on the issues contained therein please contact any of the Deloitte representatives set out below. If required, we would be happy to provide you with a copy of our submission once finalised.

**3. Fraud Alert** It has come to IRC’s attention that certain businesses, companies and individuals are producing fake Certificate of Compliance certificate (COC) for their contract payments. Forging of signature on TCCs by individuals are also becoming a concern to IRC management. Further, there are some individuals and certain IRC officers who are charging fees for processing TINs & COCs.

The IRC is emphasising to the general public and those intending to start a business or company that there are NO FEES involved in the processing of a TIN and or COC certificates. All application forms (COC, TIN, Tax Returns, Stamp duty, all Tax Forms) are free of charge. All Tax Forms and services provided by IRC are free.

**4. Certificate Of Compliance (COC)** The IRC has advised that there are discussions underway to make COCs mandatory for all government contracts. Further announcements expected.

## Final Budget Outcome

The Marape-Basil Government released the 2020 Final Budget Outcome Report of the Department of Treasury early this month and we have included below, a summary of the Report.

### 1.1 General Government Fiscal operations

Total Revenue and Grants receipts in 2020 amounted to K12,093.3 million, higher by K734.3 million or 6.5 per cent compared to the 2020 Supplementary Budget’s estimate of K11,359.1 million. This is a positive outcome which softened significant impact of COVID-19 pandemic on the revenue estimates as earlier projected.

A snap shot of the revenue and expenditure increase and decrease is reflected below;

Budget Balance 2019 – 2020 (Kina Million)

Particulars	2019 Actuals	2020 Budget	2020 Supplementary budget	2020 Outcome
Revenue & grants	13,680.5	14,095.5	11,359.1	12,093.3
Expenditure & net lending	17,852.5	18,726.5	17,989.2	19,397.8
Budget balance	-4,172.0	-4,631.1	-6,630.1	-7,304.4
% Of GDP	-5.0%	-5.0%	-8.1%	-8.9%
Debt stock	33,666.9	37,185.0	39,851.5	40,168.4
Debt to GDP (%)	40.0%	40.3%	48.9%	49.2%
Non-resource primary balance (% of non-resource GDP)	-5.5%	-5.8%	-8.2%	-9.4%

Source: Department of Treasury

**1.2 2020 supplementary budget** The impact of the COVID-19 placed an enormous pressure on the Government, in terms of implementing its 2020 expenditure plans. In line with the 2020 MYEFO Report, the Marape-Basil Government introduced the 2020 Supplementary Budget.

The 2020 Supplementary Budget approve expenditure of K17,989.4 million, against revenue of K11,359.1 million, resulting in a revised budget deficit of K6,630.2 million.

**1.3 Revenue** Total Revenue and Grants for 2020 totalled K12,093.3 million, K734.3 million or 6.5 per cent higher than the 2020 Supplementary Budget estimate of K11,359.1 million. However, the 2020 outcome is K1,587.2 million or 11.6 per cent lower than the total revenue and grants collected in 2019.



## 1.3.1 Tax Revenue

## Taxes on Income, Profits and Capital Gains (Kina, Million)

	2019 Actual	2020 Supplementary Budget	2020 Outcome
<b>Taxes on Income, Profits and Capital Gains</b>	<b>6,070.4</b>	<b>5,470.5</b>	<b>5,668.7</b>
Personal Income Tax	3,211.6	3,308.0	3,517.3
Company Tax	1,696.9	1,648.6	1,554.2
Mining and Petroleum Taxes	760.7	161.1	183.4
Royalties Tax	25.8	33.7	30.1
Management Tax	17.2	21.5	20.1
Dividend Withholding Tax Non-Mining	215.0	171.0	215.9
Non-Resident Insurers Withholding Tax	14.6	121.4	12.6
Interest Withholding Tax	128.0	5.0	134.9
Tax Related Court Fines	0.0	0.0	0.0
Sundry IRC Taxes & Income	0.6	0.2	0.0

Source: Department of Treasury



## Taxes on Goods and Services (Kina, Million)

	2019 Actual	2020 Supplementary Budget	2020 Outcome
<b>Taxes on Goods and Services</b>	<b>3,936.5</b>	<b>3,437.9</b>	<b>3,372.7</b>
GST*	2,252.5	2,002.9	2,079.2
Sales Taxes	0.0	0.0	0.0
Bank Account Debit Fees	0.0	0.0	0.0
Stamp Duties	46.6	35.3	43.3
Excise Duty	1,061.0	964.2	817.0
Import Excise	299.7	273.7	257.6
Bookmakers' Turnover Tax	17.2	10.2	8.9
Gaming Machine Turnover Tax	227.2	140.2	157.7
Departure Tax	28.6	6.6	5.4
Motor Vehicle Registration	2.0	2.3	0.0
Commercial Vehicle Licenses	0.0	0.0	0.0
Other taxes on use of goods and on permission to use goods or perform activities	0.5	0.6	0.4

Source: Department of Treasury

\*The GST of K2,079.2 million includes GST Transfers to Provinces of K578.4 million. Net of this GST Transferred into Waigani Public Account (WPA) amounted to K1,360.4 million

## Taxes on Goods and Services (Kina, Million)

	2019 Actual	2020 Supplementary Budget	2020 Outcome
<b>Taxes on International Trade and Transactions</b>	<b>909.3</b>	<b>737.3</b>	<b>760.4</b>
Import Duty	409.4	347.3	359.5
Other Import Taxes*	101.8	0.0	0.0
Export Tax	398.1	390.0	400.9

Source: Department of Treasury

\*The figure under the Other Import Taxes is used to account for unidentified trade revenue into the Waigani Public Account (WPA). For 2020, there were no identifiable trade revenue received, thus it's showing zero in the Supplementary Budget as well as the 2020 outcome.



## 1.3.2 Other Revenue (Kina, Million)

	2019 Actual	2020 Supplementary Budget	2020 Outcome
<b>Other revenue</b>	<b>986.8</b>	<b>779.8</b>	<b>866.1</b>
<b>Property income</b>	<b>529.5</b>	<b>525.4</b>	<b>741.1</b>
<i>Interest</i>	0.0	0.7	0.0
<i>Mining petroleum and gas dividends</i>	381.2	350.0	568.5
<i>Dividends from statutory authorities</i>	120.0	150.0	150.0
<i>Shares in private enterprise</i>	0.0	0.0	0.0
<i>Dividends from state owned enterprises</i>	0.0	0.0	0.0
<i>Rent</i>	28.2	24.7	22.6
Sales of goods and services	<b>37.3</b>	<b>34.2</b>	<b>9.3</b>
<i>Administrative fees</i>	14.2	4.6	4.5
<i>Incidental sales by nonmarket establishments</i>	23.0	29.6	4.8
Fines, penalties, and forfeits	<b>1.8</b>	<b>1.8</b>	<b>2.8</b>
Transfers not elsewhere classified	<b>418.2</b>	<b>218.3</b>	<b>113.0</b>

Source: Department of Treasury

A copy of the report can be found by following the link below:

[http://treasury.gov.pg/html/national\\_budget/files/2012/budget\\_html/related\\_budget\\_documents.html](http://treasury.gov.pg/html/national_budget/files/2012/budget_html/related_budget_documents.html)

# Immigration Updates

## 1. International and Domestic Travel

### International Travels

- 21 days quarantine for all persons entering PNG – at individual's expense. No home quarantine.
- Person who enters PNG will be required to be tested for Covid19 during their quarantine period on Day 1, 7 & 21.
- No Person is permitted to enter PNG unless they have been fully vaccinated.

### Domestic Travel Measure

All intending travellers must comply with 1 of the 5 approved reasons to travel;

1. Students returning to their place of residence/educational institutions
2. Persons returning to their usual residence
3. Essential Business travel
4. Seeking medical assistance or medical evacuation
5. Emergency Transport

However, fully vaccinated persons are exempt from the 5 reasons to travel.

## 2. Revised turnaround times for various products

The table details below displays the revised turnaround times;

Products	Previous turnaround time	New turnaround time
<b>PNG passport</b>	15 Working days	7 Working days
<b>Visas</b>	<b>New</b>	15 Working days
	<b>Renewal</b>	15 Working days
	<b>PR</b>	No set time
<b>Citizenship</b>	No set time	3 Months

### Reminders: Tax and Statutory Compliances

- Annual Returns with filing months in July are due by 31st July 2021
- Provisional tax second instalment due on 31st July 2021 (31 December year end tax payers)
- Taxable returns for the 31 December 2021 under a Tax Agent Extension Listing are extended to be lodged by 31 August 2021
- Non-taxable returns for the 31 December 2021 under a Tax Agent Extension Listing are extended to be lodged by 30 September 2021

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