



**Papua New Guinea**

Tax Alert

December 2020

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This month, we bring updates on the following:

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- New Certificate of Compliance Procedures
- New Country by Country Reporting Notification Form
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### IRC Crackdown on Contractor Compliance

The IRC will no longer engage private contractors who fail to comply with their tax obligations. The IRC is of the view that 'all Government Contractors should be at the forefront of tax compliance' however over the years it has been noticed that contractors fail to remit the relevant taxes to the IRC. This message was reinforced by the Acting Chief Secretary to Government Isaac Lupari in a Circular from the Department of Prime Minister and National Executive Council stating that by January 1, 2021, all Government Departments and agencies will cease to engage existing and potential service providers who fail to meet their tax obligations.

### Certificate of Compliance (COC)

The IRC have announced that from 1 January 2021 all COC applications must be made online by emailing [ComplianceCertificate@irc.gov.pg](mailto:ComplianceCertificate@irc.gov.pg). A virtual dedicated COC Processing Team has also been established, with the aim to improve COC application turnaround times and reduce fraud. COC applicants with outstanding compliance issues will have these issues referred to Debt & Lodgement Enforcement or Taxpayer Audit divisions. It therefore remains prudent for taxpayers to check their Statements of Account with the IRC prior to applying. Finally the IRC has stated it intends to list all valid COCs on its website so that interested persons can validate them.

### Country by Country Reporting (CBCR) Notifications

The IRC has published a CBCR Notification form template which is now available on its website. Taxpayers who have already lodged their CBCR Notification for the 31 December 2020 year are not required to resubmit, but CBCR Notifications going forward should make use of this form.

### Year-End Tax Readiness

With the 2020 PNG tax year end fast approaching, now is a great time to reflect on your company's tax position and compliance obligations. There are a number of typical year actions you may want to consider in advance and understand the effect of, from such things as the tax outcomes of dividend declarations to understanding whether typical year entries such as prepayments, provisions, accruals and write-offs will generate a tax deduction in the 2020 year. If you have any issues you would like to discuss, please reach out to one of our team members listed below.

### Statutory Compliance Matters

Clients that wish to make any changes to their board of directors or operating locations that have yet to lodge the necessary forms with the Investment Promotion Authority (IPA) or Registrar of Companies (ROC) are advised to do so at their earliest as failure to update company records will attract penalty fees that can be quite significant if left outstanding. The same applies for any annual returns that have yet to be lodged with the ROC.

Clients that have any outstanding statutory compliance matters are urged to reach out to us to ensure these are updated.

### New Work Permit Application Fees Effective January 1,2021

The Department of Labour and Industrial Relations (DLIR) have issued a public notice confirming that the new work Permit Application fees Approved and Gazetted by the Department of Finance in May, 2020 will take effect as of January 1, 2021.

**Below is a description of the fees/charges as reported in our Tax Alert for the month of July, we have also included the fees/charges related to work permit applications for Volunteers and associated work permit fees.**

Description of fees/charges	Fee
New (General) Work Permit Application - 1x year	K2,500
New (General) Work Permit Application - 2x years	K5,000
New (General) Work Permit Application - 3x years	K7,500
New (General) Work Permit Application - 5x years GCC	K12,500
New (General) Work Permit – 6 months short term	K750
New Volunteer Work Permit Application – 6 Months (short term)	K125.00
New (Volunteer) Work Permit Application - 1x year	K250.00
New (Volunteer) Work Permit Application - 2x years	K500.00
New (Volunteer) Work Permit Application - 3x years	K750.00
New (Volunteer) Work Permit Application - 5x years GCC	K1,000.00
Renewal (General) Work Permit – 1 year	K4,500
Renewal (General) Work Permit – 2 years	K7,000
Renewal (General) Work Permit – 3 years	K9,500
Renewal (General) Work Permit – 5 years GCC	12,500
Renewal (Volunteer) Work Permit Application - 1x year	K350.00
Renewal (Volunteer) Work Permit Application - 2x years	K600.00
Renewal (Volunteer) Work Permit Application - 3x years	K850.00
Renewal (Volunteer) Work Permit Application - 5x years GCC	K1,100.00
Application for Bridging Work Permit	K250
Change of Employer or Promotion: Applying for Bridging & new work permit in country (Additional Fee)	K2,000
Late lodgement of Renewal of Work Permit Application within 7 days before expiring of current work permit (Additional Fee)	K1,000
Reprint of Work Permit Card/Letter	K250
Express Process Fee	K300
Lodging an Appeal	K250.00
Copy of the Employment of Non-Citizens Guidelines	K60.00
Work Permit Passport Number Amendment Fee	K200.00
Copy of File Documents	K10.00/page
Exemption Fees (additional fee of K1,000/application). This fee does not apply to exemption of old age missionaries or volunteers	K1,000.00

#### Please note:

- DLIR office closes on 18th December and re-opens on 13th January 2021
- PNG Immigration closes on 18th December and re-opens 4th January 2021

#### REV Extension holders,

Ensure to have on hand the printed approved Extension Letter during checking in at Jacksons International Airport for departure as this is a manual extension and it may not be captured in the system.

#### Reminders

- As mentioned in our October 2020 Tax Alert, a Country by Country Reporting (CBCR) notification is required to be lodged with the IRC before, or on December 31, 2020.
- Clients who's 2019 annual return's fall due on December 2020 should ensure their annual reports are lodged with the ROC prior to month end to avoid the late lodgement fee of K1,000.

Our office will be closed for the festive season from the 18th of December 2020 to the 4th of January 2021. If your query is urgent please email [DTTtaxPG@deloitte.com.pg](mailto:DTTtaxPG@deloitte.com.pg).

**We wish all our clients a very merry Christmas and a Happy New Year.**

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

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