



## Papua New Guinea Tax Alert

Alert #3

**In this Alert, we bring to you an update on the Salary and Wages Declaration form and the required documents to support the declaration of employee dependants. Alternate documents can be used for the following dependant classes:**

- Legal dependants
- Invalid and Additional dependants

Have something to contribute? E-mail us at [DTTTaxPG@deloitte.com.pg](mailto:DTTTaxPG@deloitte.com.pg)





## Salary and Wages Declaration form ( S3)

Earlier in the year, the Internal Revenue Commission (IRC) issued a notice in relation to Salary and Wages declaration form. In that notice, they mentioned that the employer must indicate on S3 forms for their employees that all relevant documents have been sighted which includes:

- Birth and Marriage Certificates
- Statutory Declarations
- Medical Reports

The IRC have now provided guidance for employees who wish to declare dependants on their Salary and Wage declaration form (S3). In declaring dependants on the S3 form, a marriage certificate or birth certificate is generally accepted. However, is it difficult when employees are not able to produce a marriage certificate or birth certificates for dependant classes such as Legal dependents, Parents, Invalid Relatives and Adopted Children.

While such documents may be difficult to obtain in practice, employers who do not obtain this documentation from employees may be exposed to salary or wage tax (SWT) shortfalls and penalties for non-compliance where unsupported dependents decrease SWT liabilities.

In the event that an employee does not have a marriage certificate or birth certificate, the IRC has advised that for dependants that are classified as:

### 1. Legal dependents

- **Spouses**

In the case of Spouses, where a marriage certificate cannot be produced by an employee, a statutory declaration can be used to attest the declaration.

- **Children**

In the case of Children, where a birth certificate cannot be produced by an employee, a statutory declaration can be used to attest the declaration. Also, note that a Child Clinic Book is a mandatory attachment. Furthermore, a dependant to qualify under this subclass of legal dependants, children or child must be a natural born children or child and not children or child of a relative.

### 2. Invalid and Additional Dependants

- **Adopted children.**

In the case of Adopted children, where a birth certificate cannot be produced by an employee, a certificate of adoption can be used to attest the declaration.

- **Person or Persons with Disabilities**

In the case of Persons with Disabilities, a certified medical report from a certified medical officer (CMO) must be included to attest the declaration.

- **Parent(s)**

In the case of Parent(s), employees can claim them as dependents on the basis that the Parent(s) are unemployed, over the aged of 60 years and wholly maintained by the employee (meaning there is no shared responsibly between siblings and or family to maintain the parent(s). However, the IRC have clarified that an employee may only be allowed to claim Parents as dependents if the employee produces a letter from the IRC authorising the employer to allow that claim.

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

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