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Papua New Guinea Budget 2026

"Security with Growth"

Budget Alert

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Executive Summary

PNG 2026 Budget ("Security with Growth")
Transformation: A Confident Vision for Papua New Guinea

Papua New Guinea's 2026 National Budget comes at a pivotal moment. As the country celebrates its 50th independence anniversary, this budget is framed not just as an annual fiscal exercise but as a springboard for transformation. The government has signalled discipline and long-term thinking – aiming for near-balanced budgets by 2027 and investing in development enablers. This confident, forward-looking outlook sees PNG leveraging its inherent strengths to drive inclusive growth. Rather than dwelling on challenges, the narrative is shifting towards opportunity – positioning PNG as an emerging economic and strategic partner with immense promise.

The Marape-Rosso 2026 national budget ("Security with Growth") delivers record spending of K30.9 billion against K29.3 billion in revenue, narrowing the deficit to K1.6 billion (1.1% of GDP) – the smallest in over a decade. It continues a fiscal repair strategy while investing in key development priorities.

The budget contains major new funding in law & order, education, health, and infrastructure and maintaining programs such as the Household Assistance Package to ease cost-of-living pressures. It also significantly increases transfers to provincial governments – functional grants and GST distribution to provinces climb over 30-40% in two years – empowering local levels to deliver services. By bolstering sub-national funding and keeping social support in place, the budget aims to spread the benefits of growth and maintain stability.

There are some downside risks, however. Fiscal health is dependent on gains from the resource sector, including new projects on the horizon (which have historically been delayed). State Owned Enterprises are expected to pay dividends which has also been inconsistent previously. Other challenges such as the FATF grey listing also need to be tackled.

There is a lot to be positive about – by putting in the hard work of jump-starting key projects, reforming the tax and business environment, empowering the private sector, and strengthening implementation, PNG can sustain growth and achieve its long-term development vision. Fiscal prudence alone is not enough: strategic action on these fronts will determine whether the promise of this budget translates into tangible, broad-based progress.

Final thoughts...

Partnering to Unlock PNG's Potential

Papua New Guinea's potential is underpinned by exceptional strategic advantages. The country holds vast tropical forests that provide valuable climate capital, abundant natural resources (from liquefied natural gas and minerals, to rich fisheries), and a strategic location in the dynamic Asia-Pacific region. These strengths are complemented by a young, growing population eager to participate in development, offering a ready workforce and a rising consumer base.

Now, at its 50th year of independence, PNG is leveraging these strengths through a renewed reform agenda. The 2026 National Budget, together with the government's Reset@50 roadmap, serves as a springboard for growth and modernisation. This ambitious agenda signals a commitment to translate PNG's inherent advantages into broad-based economic expansion and improved living standards.

At the core of this plan are five reform priorities, each viewed not as a challenge but as a high-return opportunity for investment and growth:

- Energising the private sector: Removing barriers to enterprise and fostering entrepreneurship to drive job creation.
- Accelerating resource projects: Fast-tracking major LNG, mining and other resource developments to drive national wealth.
- Reinvesting resource wealth: Using national wealth from the resource projects to invest in the sovereign wealth fund and drive non-resource economic growth, such as agriculture.
- Continuing tax reform: Lowering corporate and income taxes while improving compliance to boost investment and strengthen public finances.
- Strengthening governance: Enhancing transparency, accountability and rule of law to build investor confidence and effective institutions.

With these strengths and reforms aligning, PNG offers a compelling proposition to partners and investors seeking the next high-potential emerging market. The nation's bold agenda and abundant opportunities mean those who engage now can support PNG's progress while securing a stake in its growth story. By partnering with PNG at this pivotal moment, stakeholders can help unlock its full potential and share in the benefits of the country's next chapter of prosperity.

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Key Themes

Budget Repair & Fiscal Discipline – Debt and Deficit

The 2026 Budget continues to align with the Government's 13-year Budget repair plan, reducing deficits year-on-year with a target to return to a surplus by 2027 and the option to repay government debt by 2034. With 2025 revenues below Budget forecasts, the deficit reduction has stalled in 2025 but is forecast to continue in 2026.

2026 Budgeted Expenditure – By head count

- Population 10.7m, 2.5% population growth rate
- K430 per person (pp) – Education
- K268 pp – Health
- K219 pp – police, defense & courts
- Less than K200 pp – Roads, wharves & airports
- K2,882 pp in total

Focus on infrastructure–
Priority given to capital expenditures

Record Public Investment Program allocations to accelerate infrastructure projects; K1.7 billion funding to Department of Works to support PNG Connect Program. Emphasis on staged, responsible budgeting by not including new projects in forecasts until Final Investment Decisions are made.

Revenue – Revenue raising from existing taxes

Tax revenue is expected to grow by an ambitious 10.73% (from MYEFO 2025 forecasts), with this expected to come from increased compliance activities and favourable mineral commodity prices and ramp-up of production of Porgera mine. Compared to MYEFO 2025 forecasts, Total Revenue & Grants are projected to increase by 9.5% while dividends from State owned Entities is expected to grow by 96.26%.

Social support and cost-of-living relief –
Household Assistance Package

A major Household Assistance Package (K1,010.0 million for 2026) focused on extending the zero-rating essential goods to end of 2026 (13 items) and other previously announced measures to ease cost-of-living pressures such as personal tax cuts.

Human capital and social services –
Key sectors remain priority

K4,935 million to education and K3,205 million to health. Focus on improving human capital outcomes alongside growth.

Funding support risks

Debt financing will skew towards international sources in 2026. Bilateral funds come with their own conditions, and these will need to be met to be unlocked.

Risks – Fiscal and debt related

Exchange rate risks on external loans, heavy reliance on domestic borrowing results in high interest costs, and anti-money laundering grey-listing.

Monetary Policy

Fiscal deficit of K1,608.2 million for 2026, 1.1% of GDP

Economy expected to grow strongly at 4.0%

Economic snapshot

The economy is expected to exceed K145 billion in 2026. This is K12 billion higher than the K133 billion economy in 2025. The Government firmly believes that they are on target for a K200 billion economy by 2030, a K300 billion by 2035, and Kina one trillion economy by 2048.

PNG is forecast to benefit from its longest run of sustained real growth in the non-resource economy of over 4% in its history. PNG has had real non-resource growth of 4.2% in 2021, 5.9% in 2022, 4.7% in 2023 and forecasting 4.5% in 2024, 4.6% in 2025 (lower than the expected 5.2%) and 4.5% in 2026.

Wider Economic Reforms

Other key economic reforms mentioned in this budget a part of the Reset PNG@50 includes increasing employment opportunity through Labor Mobility, comprehensive review of PNG's Anti-Money Laundering & Counter Terrorist Financing (AML/CTF) System, implementation of PNG's sovereign wealth fund, Digital Transformation led by Department of Personnel Management to transform the public service and reforms to enhance competition and private sector growth.

Key facts and figures

Table 1: Key macroeconomic indicators (Source: Department of Treasury)

	2021 Actual	2022 Actual	2023 Actual	2024 Est	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj
Economic Growth										
Total real GDP (%)	-0.5	5.7	3.8	3.8	4.5	4.0	3.9	4.1	4.0	3.9
Non-resource Real GDP (%)	4.2	5.9	4.7	4.5	4.6	4.5	4.9	5.0	5.0	5.0
Inflation										
Year Average (%)	4.5	5.3	2.3	0.6	4.0	4.2	5.0	5.0	5.0	5.0
Interest rate										
Kina Rate Facility (KFR)	3.0	3.1	3.3	2.9	4.3	5.0	5.0	5.0	5.0	5.0
Inscribed Stock (3-year yield)	9.0	0.0	4.7	5.6	0.0	7.2	7.2	7.2	7.2	7.2
Mineral Prices										
Gold (US$/oz)	1,800	1,801	1,943	2,387	3,657	3,540	3,657	3,657	3,657	3,667
Copper (US$/ tonne)	9,308	8,819	8,486	9,142	9,648	9,940	10,047	10,128	10,175	10,289

Table 2: Overall Budget balance (Source: Department of Treasury)

	2024 Actuals	2025 Budget	2025 MYEFO	2026 Budget
Revenue	20,826.3	25,407.9	24,225.2	29,307.1
Expenditure and Net Lending	24,757.0	28,357.2	27,174.0	30,915.2
Net deficit	-3,930.7	-2,949.3	-2,948.8	-1,608.2
Net deficit as a % of GDP	-3.2%	-2.2%	-2.2%	-1.1%
Government debt (% GDP)	50.9%	48.4%	48.4%	45.5%

Compared to 2025 MYEFO, expenditure is estimated to grow by 13.8% in 2026 and revenue growth expectation is 21.0% while compared to 2025 Budget, expenditure is expected to grow by 9.0% and expected revenue growth is 29.5%.

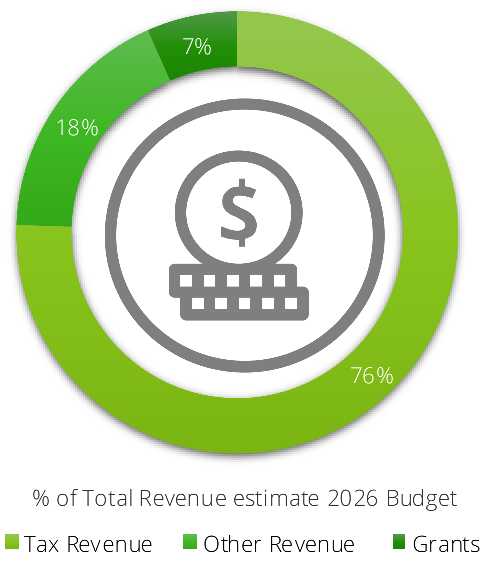
The Budget repair continues and as part of this another K1.3 billion reduction is budgeted to bring the forecasted deficit for 2026 to K1,608 million. The Budget repair is being backed by further changes to the Fiscal Responsibility Act, which aims to drop the maximum allowable deficit level to 52.5% of GDP.

In 2026, PNG's internally-generated revenues are expected to increase by 14.5% from the 2025 Budget estimate and 21.9% compared to 2025 MYFEO. Tax revenue is expected to increase by 4.4% from the 2025 Budget estimate and when compared to 2025 MYEFO, the expected increase is 10.7%. The key assumption underlying this expected increase in tax revenue includes favourable mineral commodity prices, the completion of the amortisation of the Kumul Petroleum financing for the PNG LNG project , improved tax compliance and ramp-up of production of the Porgera Mine.

Other revenues are expected to increase by 93% compared to the 2025 Budget estimate (112.7% compared to 2025 MYEFO) resulting from expected increases in dividend payments from state-owned resource companies, the Non-Tax Revenue Act payments from State Services & Statutory Authorities and departmental fees and charges.

Overall Total Revenue and Grants are projected to be K29,307.1 million which is 20.1% of GDP.

Chart 1: Where is PNG's revenue coming from? (Source: Department of Treasury).



Central Banking Act 2000 Amendment

Weekly closing balances of all the Government accounts and a weekly statement of the operations of those accounts are now required to be provided to Treasury and Finance to ensure a better cash flow planning.

Interest calculation on government advances has been changed to take the net cash position into consideration. This should ensure the government is only charged interests when it creates a financial burden to the Central Bank.

2026 Highlights

Table 3: Tax revenue by source (Source: Department of Treasury)

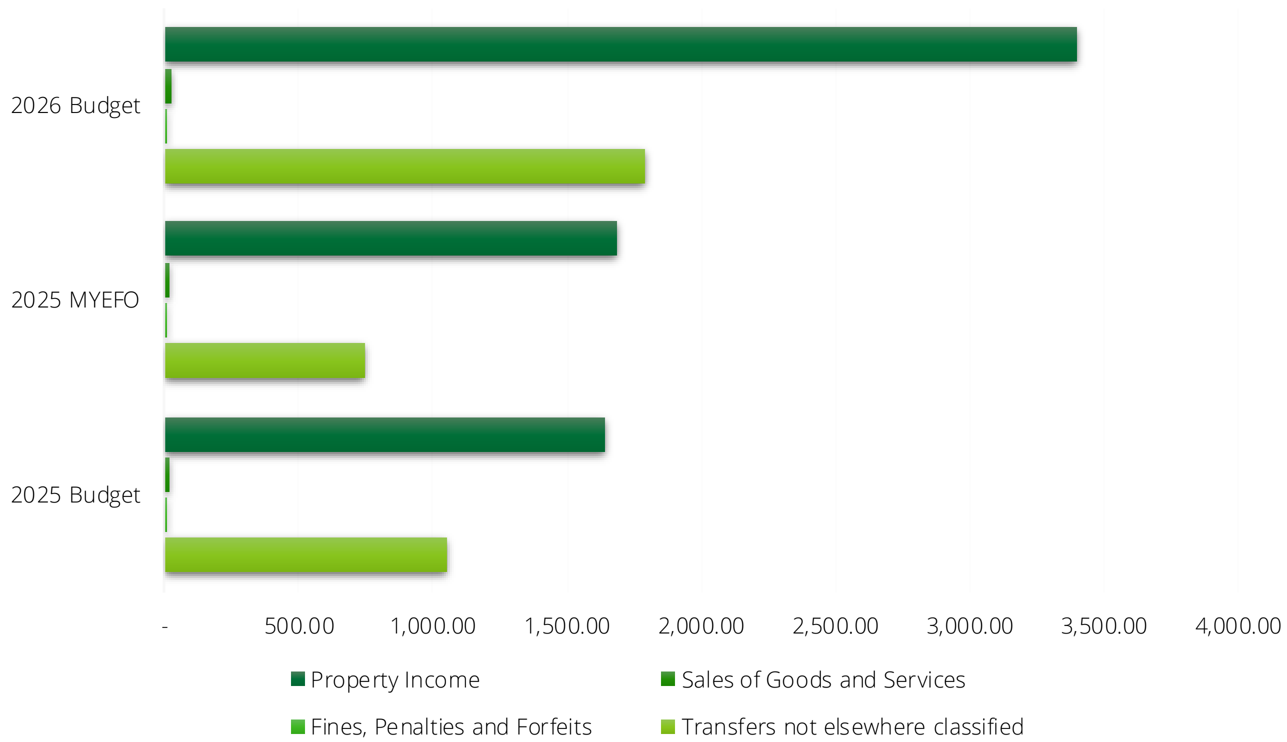
Tax Revenue (Kina, million)	2024 Actuals	2025 Budget	2025 MYEFO	2026 Budget
Personal Income Tax (PIT)	4,396.60	4,729.00	4,629.00	4,955.00
Company Tax (CIT)	3,418.70	3,959.00	3,759.00	4,023.40
Mining and Petroleum Taxes (MPT)	3,707.10	4,136.60	4,336.60	4,850.00
Withholding and Other Income Taxes	841.5	880.7	887.3	1,050.2
GST (gross collection)	3,868.90	5,206.10	4,266.10	4,781.20
GST refunds	*(791.30)*	*(1,019.70)*	*(1,019.70)*	*(1,014.10)*
Stamp Duties	73.9	79.1	79.1	93.4
Excise Duty	1,205.20	1,271.10	1,271.10	1,467.40
Import Excise	506.1	503	503	608.3
Bookmakers' and Gaming Machine Turnover Tax	398.7	479.9	440.9	400.4
Import Duty	462	539	501	546.4
Export Tax	299.8	400	300	354.5
Other Taxes	60.1	37.4	42.5	24.4
Grand Total	18,447.30	21,201.20	19,995.90	22,086.50

PIT is expected to increase by 4.8% which is expected to be driven by increase in public service salaries, strong employment growth and improved tax compliance by IRC. CIT is expected to increase by 1.6% attributed to higher corporate earnings from non-resource sector.

The increase in MPT is a result of anticipated increases in mineral commodity prices (except oil and LNG) and production volumes. GST revenue will be affected by the extension of the GST relief on essential household items.

The Government intends to extend the scope of GST Monitoring System (GMS) to all taxpayers to allow for a more comprehensive monitoring of sales transactions. The expected outcome is a K100 million revenue when GSM is implemented. The Government will increase excise on diesel from K0.23 per litre to K0.29 per litre. The increase in excise will come into effect on 1 January 2026 and is expected to raise K30.0 million additional revenue.

Chart 2: Other revenue by source (Source: Department of Treasury)

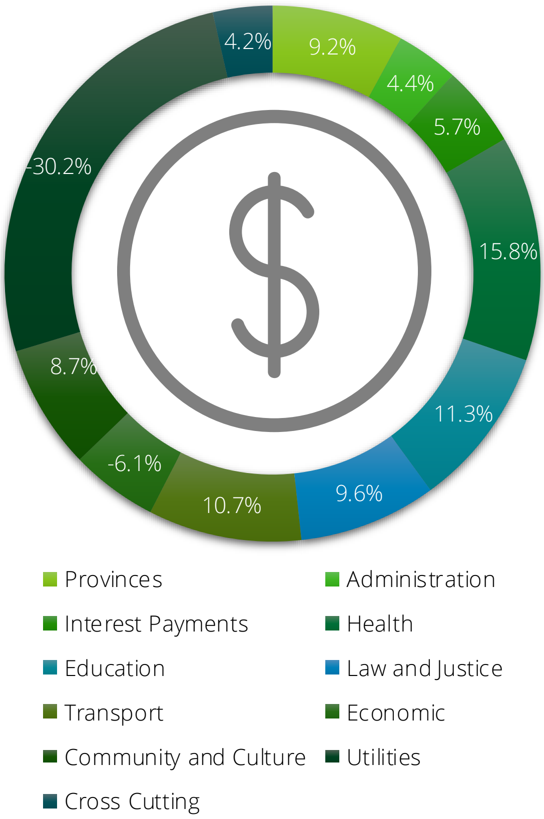


	2025 Budget	2025 MYEFO	2026 Budget
Grand Total	2,707.0	2,455.5	5,223.6
Transfers not elsewhere classified	1,049.6	749.6	1,791.1
Fines, Penalties and Forfeits	2.7	2.7	2.2
Sales of Goods and Services	16.7	16.7	26.1
Property Income / Dividends from State Owned Entities	1,638.0	1,686.5	3,404.2
Revenue, expenditure and net deficit figures are in PGK million			

Property income predominantly consists of dividend revenues. Total dividends are projected to increase by 102.5% in 2026 representing 59.3% of total non-tax revenue. The Government is expecting dividends from Kumul Petroleum Holdings (K2,000.0 million), Kumul Mineral Holdings (K850.0 million), Kumul Consolidated Holdings (K150.0 million) and the Bank of PNG (K100.0 million) in line with the Dividend Policy approved in 2025 by the National Executive Council.

Chart 3: Where does PNG's expenditure go? (Source: Department of Treasury)

Expenditure by Sector	2025 Budget	2026 Budget	Change
Provinces	4,323.0	4,720.90	9.2%
Administration	4,415.9	4,609.50	4.4%
Interest Payments	3,522.5	3,723.00	5.7%
Health	2,768.4	3,204.90	15.8%
Education	4,435.3	4,935.20	11.3%
Law and Justice	2,279.1	2,498.60	9.6%
Transport	1,980.7	2,193.10	10.7%
Economic	1,546.3	1,452.10	-6.1%
Community and Culture	306.2	332.90	8.7%
Utilities	873.7	609.50	-30.2%
Cross Cutting	1,906.2	1,985.50	4.2%
Total	28,357.3	30,265.20	



The sector allocation was guided by the five Medium Term Development Plan IV (2023-2027) Growth Triggers with an intention to creating one million jobs and growing the economy to K200.0 billion by 2030.

Cross cutting activities includes flexible funds that cater for unforeseen financial needs throughout the year across all sectors. Education and Health Sectors have the highest increase in funding for 2026.

2026 Capital budget

Table 4: Development Partner Contributions

Development Partner (Kina, million)	Grants	Loans	GoPNG Counterpart
ADB	125.0	551.6	34.0
China EXIM Bank	-	30.0	15.0
EU	92.5	-	-
UN	190.0	-	-
Australia	1,180.5	-	11.0
China	75.0	-	23.0
Indian EXMIN	-	10.0	-
Japan	136.0	-	6.0
New Zealand	45.0	-	-
AIFFP	17.0	106.0	7.0
AIIB	-	10.0	-
EIB	5.0	7.0	3.0
World Bank	10.0	107.7	6.0
GPE	5.0	-	-
AFD	25.0	2.0	1.0
IFAD	-	28.39	2.0
China Construction Bank	-	129.93	25.0
OFID	37.0	87.5	8.0
IDA	-	115.89	14.0
IBRD	-	40.0	-
Total	**1,943.0**	**1226.0**	**155.0**

Compared to 2025 budget the donor financing increased by 16.3%, predominantly driven by grants. The donor grants and loans collectively account for 39.2% of the 2026 Capital Investment Budget, which is supported by 15 development partners. Australia, China, and the UN continues to be the largest grant contributors. The counterpart contributions have however reduced by K102.2million in 2026.

Upside and downside risks to PNG's economic & fiscal outlooks

Table 5: Potential Risks to Medium-Term Economic & Fiscal Outlook (Source: Department of Treasury)

Upside	Downside
Macroeconomics Risks	
• Stronger commodity prices • Resource projects including Papua LNG coming online earlier than expected • Digital and infrastructure investments	• Global growth uncertainty • Weak growth in our major trading partners • Commodity price volatility • Natural disasters and climate related shocks; and • Intensification of geopolitical tensions
Fiscal Risks	
• Stronger commodity prices • Resource projects including Papua LNG coming online earlier than expected • Improved Public Financial Management (PFM)	• Cyber attacks • Large shortfall in tax revenue or dividends • Weak implementation of legislation • Unbudgeted expenditures • Revenue leakage due to tax concessions
Financing Risks	
• Increased concessional financing or grants	• Exchange rate risks on external loans • Heavy reliance on domestic borrowing • Anti-money laundering grey-listing

The Budget 2026 acknowledges that PNG's economy is vulnerable to external shocks and structural weaknesses such as persistent foreign-exchange shortages, commodity price volatility and reliance on short-term domestic borrowing increase the likelihood of higher debt servicing costs and fiscal slippage. Law-and-order issues, natural disasters and cybersecurity gaps add non-economic shocks that can disrupt key projects and government service delivery, while potential FATF grey-listing would further deter investment. Realising the expected new resource projects and strengthening revenue administration (including dividends and NTRA implementation) are critical near-term priorities to stabilise reserves and reduce fiscal risks.

Tax Update – Budget Announcements

Pay-out by an approved superannuation fund

The ITA 2025 will be updated to reduce the tax rate applied to superannuation payouts or distributions for members with a contribution period of not less than 15 years from 2% to 0%. This was an amendment from the 2025 Budget to the ITA 1959 that was not included in the ITA 2025. This change does not implement all the changes from the 2025 Budget changes, which had extended the 2% to 0% reduction also to members who had contributed for 7 years and are at least 50 years old or are subject to enforced early retirement; or distributions made as a result of death or permanent disablement.

Individual Non-Resident Tax Rates

In the 2025 Budget, the Government removed the 22% tax bracket from non-resident salary and wages tax rates, which applied to non-residents on income up to K20,000. Non-residents in 2025 were taxed at 30% for income up to K33,000.

This change has not been replicated in the ITA 2025, meaning the 22% bracket has effectively been restored from 1 January 2026.

Excise Tariff

The excise duty on diesel will rise by K0.06 per litre – moving from the current rate of K0.23 per litre to K0.29 per litre – effective 1 January 2026, an increase of 26%. For those industries with a heavy use of Diesel, this could be a substantial cost increase.

In the 2025 Budget, the Government introduced a one-year freeze on the bi-annual excise indexation for alcohol and tier-1 tobacco products. This suspension will be extended for an additional 12 months, from 1 December 2025 to 30 November 2026, but will apply only to beer and tier-1 tobacco products.

Tax Update – Budget Announcements

Infrastructure Tax Credit Scheme

In line with the Government's focus on infrastructure development, changes relating to the Infrastructure Tax Credit Scheme have been introduced in the 2026 PNG Budget to support private sector partnerships with resource sector licensee's and primary production businesses.

First, the Government is establishing a Prescribed Infrastructure Development Board, which will be responsible for assessing and approving project proposals, ensuring that proposed projects align with Government priorities. The Board will also determine when approved works are completed.

The ITA 2025 and ITA 1959 have also been amended to increase the maximum amount that an eligible taxpayer may spend to approved infrastructure tax credit projects – from 1.25% or 2%, to 3% of its assessable income. This increase is expected to encourage a greater number of infrastructure projects partnerships, accelerating the recovery period for the cost outlays by private sector partners.

In addition, the 2026 PNG Budget stipulates that 0.5% of all prescribed infrastructure development expenditure must be directed to projects within the Autonomous Region of Bougainville.

The amendments to the ITA 1959 specify that the Infrastructure Tax Credit Scheme under that Act will cease on 31 December 2032. A sunset clause provides that any qualifying infrastructure expenditure incurred on or before that date, but not yet fully credited as income tax, may continue to be claimed for up to seven tax years after the year in which the expenditure was incurred.

Hope to expand the infrastructure Tax Credit Scheme to other sectors, such as the energy sector, did not eventuate.

Petroleum Levy

The National Petroleum Authority Act 2025 introduced a new 0.5% levy on the gross sales revenue of all petroleum producers to fund the National Petroleum Authority (NPA). This levy is to be collected by the IRC and is treated as tax-deductible expense to those incurring it.

To honour commitments under fiscal stability, amendments have been made to allow fiscally stabilised companies to instead treat the levy as income tax paid.

From the revenue collected under the levy, up to K100 million per annum will be transferred by the IRC to the National Petroleum Authority as dedicated funding to support its operations. The balance will be transferred into the Government's Consolidated Revenue Fund.

This measure will be effective 1 January 2026.

Goods & Service Tax

The GST exemption on 13 essential household items will be extended for a further six months, from 1 June 2026 to 31 December 2026. While this measure is expected to result in additional foregone revenue, the Government anticipates that these losses will be substantially offset by the introduction of the new GST Cash Register Monitoring System (GMS). The GMS is designed to enhance the overall GST compliance.

The GMS was originally designed to cover companies registered under the GST Act. Its scope will now be expanded to include additional taxpayers or categories of taxpayers to strengthen GST compliance. Implementation is expected to be phased in on a sector-by-sector basis.

Tax Update – Budget Announcements

Establishment of the IRC Oversight Board

The Internal Revenue Commission Act 2014 is being amended to create an IRC Oversight Board to strengthen governance, strategic direction and institutional performance. The Board will consist of the Treasury Head, the Finance Head, the Governor of the Central Bank, the Commissioner General, two independent members with business-sector experience, a non-resident expert in tax administration, and a Chairperson.

The IRC Oversight Board will be supported by three committees: the Audit & Risk Committee, the Governance Committee, and the Budget Committee. This will come into effect on 1 January 2026.

Tax Administration Act 2017

In 2017, the Government introduced the Tax Administration Act 2017 (TAA 2017) to establish consistent procedures for tax administration, including taxpayers' rights, obligations and IRC powers. However, its implementation was subsequently deferred while the Income Tax Act rewrite was undertaken. With the ITA 2025 coming into effect from 1 January 2026, and with many of the administrative provisions of the ITA 2025 are to be found in the TAA 2017, the 2017 is now to also come into effect from 1 January 2026.

A new TAA had been drafted and consulted in 2025 (draft TAA 2025), but the 2026 PNG Budget now confirms that the TAA 2017 will instead be implemented as originally drafted. The further amendments introduced under the draft TAA 2025 are expected to be implemented in early 2026, with amendments to the administrative provisions of other tax Acts falling under the TAA 2017 occurring at a later stage.

The implementation of the TAA 2017 will be supported by the rollout of the IRC's new Integrated Tax Administration System (ITAS), which will replace the existing SIGTAS platform. The transition to ITAS is expected to occur in the second quarter of 2026 and will support the welcome move to online lodgements and self-assessment.

Income Tax Act 2025 – Key Changes

While there were not many further amendments to the Income Tax Act 2025 in the 2026 Budget, the Act itself brings in quite a few changes. Some of the key changes to be aware of include the following:

#1 – Withholding Taxes

There has been wholesale reforms to the application of withholding taxes. This includes removal of foreign contractor withholding tax and management fee withholding tax, replaced by a technical fee withholding tax. However, payments relating to the activities of a “permanent establishment” (PE) in PNG of a foreign company will now *not* be subject to a withholding tax, but instead the foreign contractor will have to lodge a corporate income tax (CIT) return. Supplier contracts will need to be reviewed, and in some cases amended, to clarify or adjust for the new tax outcomes.

For the payee they will need to understand the requirements of a CIT return, and what income and expenses relate to their PNG PE. Transactions with head office must now be at arm’s length and withholding tax may apply, including a PE repatriated profits tax at 15%.

For the payer, they must understand whether the payee has a PE and if and when to stop withholding, including the transitional period around this. There are new rules around deductibility of payments that are subject to withholding tax, but withholding tax has not been deducted. There have also been important changes to the definition of royalties, interest and dividends, thereby affecting the withholding tax that applies to these payments.

#2 – Employment Taxes

Salary packaging policies must now be approved by the IRC. These policies are limited to eligible housing, school fees and annual home travel. This may be further impacted when the final ITA Regulations are released, but at present a housing allowance will be required to salary package for rental.

Marginal individual tax brackets and rates for tax residents have not changed, though seemingly for non-residents they have. There are new detailed rules on the valuation of employee benefits. Some have not changed (housing), some provide relief (medical insurance), some increase the taxable value (motor vehicles) and some provide rules that were not previously stipulated (employee share scheme and interest on staff loans/advances).

#3 – IRC Procedures

Changes coming with the ITA 2025, its Regulations, as well as the Tax Administration Act 2017 means that the IRC has some challenges on its to do list. It will need to implement new procedures, issue new forms, provide guidance on interpretations, reforecast the timing of its collections given the abolishment of foreign contractors withholding tax, undertake new anti-avoidance monitoring techniques and exercise its new powers, all hopefully with minimizing the disruption to the business community.

#4 – Capital allowance regime

There is a new simplified capital allowance regime. This includes simplified depreciation rates with only 5 categories of depreciable assets. While straight line is the default depreciation method, there is an election to pool assets and use the diminishing value method, but only for asset categories 1 to 3. This is a one in all in asset election and cannot be reversed. There are new rules for intangible assets that allow for their depreciation, which can allow depreciation on capital expenditure that were not deductible before.

Finally, there are new rules on asset transfer between associates, though the amalgamation provisions have been removed creating some questions on their effect from an income tax perspective.

Measures & Reforms to support sustained revenue growth

Table 6: Measures & Reforms (Source: Department of Treasury)

Revenue Positive	Revenue Neutral	Revenue Negative
Operationalise the Tax Administration Act 2017 & Income Tax Act 2025	Establish Internal Revenue Commission (IRC) Oversight Board	Extend the Household Assistance Package
Increase Excise on High Carbon Content Fuel	Introduce Income Tax Regulation 2025	Amend the Infrastructure Tax Credit (ICT) Scheme
Enhance Implementation of the Non-Tax Revenue Administration Act 2022	Restore Tax Exemption on Long Serving Retirees Savings	Extend Excise Freeze on Beer and Tier-1 Tobacco Products
	Extend the Goods & Services Tax (GST) Monitoring System	Tax Credits for Petroleum Levy

The Government intends to use these measures and reform to clarify laws to define taxpayer rights and obligations, improve governance, ensure fair and efficient administration, support development goals and encourage investment.

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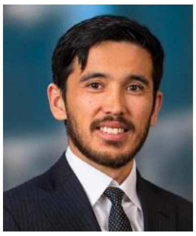

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