



Papua New Guinea

Tax Alert 6



The Internal Revenue Commission (IRC) has released the Tax Agent Bulletin 2026, confirming the 2026 is a transition year and final year of filing under the Income Tax Act 1959, before the full move to the Income Tax 2025 (ITA2025) and the Tax Administration Act (TAA).

Income tax returns – 2025 year of income

As the majority of PNG entities have a financial year that tracks the calendar year, the middle of the year marks important filing deadlines. Income tax returns for the year ended 31 December 2025 are generally required to be lodged by 28 February 2026. Taxpayers covered under a registered tax agent’s approved lodgement program automatically have until 30 April 2026 to lodge their returns without the need to apply for an extension.

Any extension beyond 30 April 2026 is not automatic and will only be granted where tax agents meet strict performance and compliance conditions imposed by the IRC.

1 Lodgement priorities

To ensure timely assessments and tax payments, the IRC has identified specific lodgement priorities. Partnership and trust return for the 2025 year of income are required to be lodged by 30 June 2026, while company returns with taxable income exceeding K100,000 are required to be lodged by 31 July 2026.

2 Extension of time – stricter requirements

Further extensions of time may be granted, up to 31 July 2026 for taxable returns and 31 August 2026 for non-taxable returns, but only where tax agents satisfy monthly lodgement benchmarks. These benchmarks require a minimum percentage of returns to be lodged at each reporting milestone throughout the extension period.

The required lodgement percentages are as follows:

Due Dates	Taxable	Non-Taxable
By 20 April 2026	30%	
By 31 May 2026	50%	20%
By 30 June 2026	85%	40%
By 31 July 2026	100%	75%
By 31 August 2026		100%

Failure to meet the prescribed lodgement thresholds may result in extensions being denied, even where prior extensions have been granted.

3 Conditions for extension of time to lodge returns

The IRC has confirmed that extensions of time to lodge 2025 income tax returns will be granted only where specific requirements are satisfied.

To obtain the extensions, taxpayers must ensure that financial statements are attached to the returns and all supporting schedules are signed. Returns will not be regarded as lodged until all required signed attachments have been received.

Taxpayers with an approved substituted accounting period (SAP) are required to lodge their income tax returns within two months after the end of the relevant income year, with a possible additional extension of up to two months in limited circumstances. SAP taxpayers must be clearly identified in any extension requests or client listings submitted to the IRC.

For companies, extensions beyond 30 June 2026 will not be granted unless the relevant provisional tax instalments have been paid. Extensions will also generally be refused where there are outstanding tax arrears or unresolved tax matters unless formal settlement arrangements have been agreed with the IRC.

In addition, no extension beyond 30 June 2026 will be available where the taxpayer’s 2024 income tax return was not lodged by 31 December 2025.

4 Personal income tax returns – salary and wage earners

While many salary and wage earners are not required to lodge an income tax return, the IRC has confirmed that lodgement is mandatory where specific conditions apply. These include circumstances where incorrect tax was deducted from pay, where claiming deductions from salary or wages exceeds K200 (including claims relating to non-taxable allowances), where the individual received a termination payment, earned non-salary or wage income exceeding K100, or wishes to claim education expenses.

Lodgement is also required for individuals who received a housing allowance and lodged a Housing Allowance Variation Form for the 2025 year. Salary and wage earners should review their individual circumstances to ensure compliance with their lodgement obligations.

5 Foreign Exchange Rates

The Internal Revenue Commission has released the authorised foreign exchange rates applicable for the first and second halves, and the full year of 2025. These rates are to be used for PNG income tax and other tax compliance purposes. For currencies not listed, taxpayers are advised to consult the IRC or the Bank of Papua New Guinea.

The authorized exchange rates for the 1st and 2nd half and the full year for 2025 are as follows:

2025	USD	AUD	NZD	GBP	JPY	EUR	CAD	SGD	IDR	MYR
Jan-Jun	0.2465	0.3890	0.4252	0.1903	36.62	0.2260	0.3476	0.3266	4,048.37	1.0797
Jul-Dec	0.2387	0.3644	0.4094	0.1783	35.99	0.2047	0.3309	0.3080	3,942.98	1.0006
Annual Average	0.2426	0.3767	0.4173	0.1843	36.30	0.2154	0.3393	0.3173	3,995.67	1.0401

6 GST Monitoring System (GMS)

The IRC has confirmed that the GST Monitoring System (GMS) will go live on 1 June 2026. Under the system, businesses will be required to adopt IRC-accredited point-of-sale or electronic fiscal devices (EFDs) capable of transmitting sales data to the IRC. Businesses are encouraged to commence preparations early to minimise disruption and implementation risk ahead of the go-live date.

7 Integrated Tax Administration System (ITAS)

The IRC will undertake the progressive rollout of the Integrated Tax Administration System (ITAS) during 2026. ITAS will support a digital-first tax administration environment, enabling online lodgement, electronic payments, real-time account access, and digital correspondence, and will underpin administration of the new tax legislation.

8 Income Tax Act 2025 and Tax Administration Act 2017 – key reforms

The ITA 2025 and TAA took effect from 1 January 2026. The IRC has confirmed that no increase in personal income tax rates has been introduced under the new regime.

The IRC Bulletin notes reforms include the introduction of capital gains tax, the ability to transfer tax losses within resident corporate groups, simplified employment tax and withholding rules, and a modernised compliance and administration framework aligned with international standards.

9 Action points for taxpayers and employers

Taxpayers and employers should confirm applicable lodgement deadlines and extension eligibility as early as possible. Affected businesses should remain aware of requirements for GMS implementation in June 2026 and ITAS onboarding during 2026.

Ongoing monitoring of IRC guidance on ITA 2025 transitional arrangements will be critical to managing compliance risk during this reform period.

If you have any questions, please reach out to the leadership contacts below.



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