



**Response to Covid-19: Tax and PNG
labour and immigration measures**

Papua New Guinea | Tax Alert

In this issue

We summarise the first tax and PNG labour and immigration measures announced in a response to the Covid-19 pandemic.

Phase 1 of Covid-19 measures announced and effective from 1 April 2020

The Internal Revenue Commission (IRC) has issued its first notice in this regard on 1 April 2020 that sets out Phase 1 of the Covid-19 response. In addition to the Phase 1 administrative measures, the IRC with Treasury are considering a number of policy measures that will provide further relief to Taxpayers if the impact of Covid-19 on the country worsen (described as Phase 2 and Phase 3). Details of what these additional measures may be have not yet been released.

We also note Treasury and IRC are also considering stimulus measures for business that may include tax announcements. One of these measures is the likely deferral of the implementation of the Income Tax Act rewrite by a period of 12 months. We note Treasury has been actively seeking to consult with private industry, including with Deloitte, to narrow the field on possible stimulus measures it can take.

Tax Type	Measure	Description of Measure	Effective Date	Expiry Date
Salary and Wages Tax	Extension of Amnesty	1 month extension of the current Salary Wages Tax Amnesty that expired on 31 March 2020. The same terms apply.	1 April 2020	30 April 2020
Corporate Income Tax	Effective extension of Filing Due Date – pardoning penalties for late filing and payment of tax (this does not apply to SWT)	The date for filing tax returns and making payment of tax is unchanged. However, the penalties for late submission and payment are pardoned for 2 months in case of non-compliance. This does not apply to withholding of SWT for employees.	1 April 2020	30 June 2020
	Deferral of Tax Payments (measures to support business cash flow)	Postponement of payments of CIT under the 2020 lodgement program until after 30 June 2020 for Taxpayers impacted by the crisis. Taxpayers can opt to pay the tax due in instalments until the end of 2020.	1 April 2020	30 June 2020
Personal Income Tax (PIT)	Effective extension of Filing Due Dates	The date for filing PIT tax returns and making payment of tax is unchanged. However, the penalties for late submission and payment are pardoned for 2 months in case of non-compliance. This does not apply to withholding of SWT for employees.	1 April 2020	30 June 2020
	Deferral of Tax Payments (measures to support business cash flow)	Postponement of payments of PIT until after 30 June 2020 for taxpayers impacted by the crisis. Taxpayers can opt to pay the tax due in instalments until the end of 2020.	1 April 2020	30 June 2020
Withholding Taxes	Deferral of imposition of Tax Penalties	Automatic imposition of penalties announced under the Notice for Timely payments will be deferred. We understand this means that no penalties will be imposed for late payment until 30 June 2020.	1 April 2020	30 June 2020
Goods & Services Tax	Priority Refund (Measure to support business cash flow)	Priority for GST refunds processing for the following sectors: <ul style="list-style-type: none"> • Medical services; • Hospitality; • Tourism; • Manufacturing; • Air transport; and • Agriculture sectors. 	1 April 2020	30 June 2020

PNG Labour & Immigration

Work Permits

On Monday 30 March, 2020, the PNG Department of Labour & Industrial Relations (DLIR) issued a notice that the following changes will be in effect during the State of Emergency (SOE) Period (24 March to 7 April 2020). The situation will be reviewed after expiration of the 14 days SOE i.e. 7 April 2020. We assume that if the SOE period is extended these measures will continue.

- DLIR will maintain a skeletal staff with only those directly involved in providing essential services reporting for work.
- A temporary ban on New Work Permit applications. The DLIR will consider exemptions for non-citizen applicants whom possess 'essential and special skills' and applying under particular job titles with companies operating in certain industries.
- DLIR will only accept renewal applications for those work permits that are due to expire in the months of March, April and May 2020.
- All follow ups and communications with the department will be done via emails or telephone.

Visas

Also on Monday 30 March, 2020, the Chief Migration Officer of the Immigration and Citizenship Authority (ICA) issued a notice to the public advising that for one month (19 March to 19 April 2020), applications for the extension of Short Term Visas, as well as applications for a Change of Status, may be done in country.

The specific visas considered for the in-country extension are:

- Business Visas and Restricted Employment Visas (REVs). Additional requirements for the extension application include a letter from the PNG sponsor stating the importance of completing the project, a letter of support from the Contractor or Minister, if a Government project, and an application fee of US\$500;
- Visitor/Tourist Visas; and
- Change of Status visas.

The initial extension will be granted for 30 days with a further extension to be considered, if required.

These temporary measures will be closely monitored and reviewed during this period.

We will continue to update and inform you of measures announced during this time.

If you would like to discuss any of these measures, their impact or the making of a submission to Treasury or IRC, please let us know.

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