



Papua New Guinea

Tax Alert

December 2021

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Have something to contribute? E-mail us at DTTtaxPG@deloitte.com.au to include in the next Tax Alert.



IRC Announcements

1. MyIRC Online Service Platform

The IRC launched its new service, MyIRC Online Service Platform on 20 December 2021. MyIRC is an online service that enables the following functions that were previously only available at the counter:

- Payments Online – via debit/credit cards with all banks and for all tax types;
- Lodgements- Taxpayer will be able to make lodgements online for any particular size of the document, significantly reducing physical counter lodgements and improving workflows;
- Tax Agents Management Accounts – the platform enables Tax Agents to manage their taxpayers online and make payments, lodgements on their behalf as authorized Tax Agents;
- TIN validity look up- TIN's will be able to be verified online as active or inactive depending on their validity;
- Certificate of Compliance (COC) Look Up – COC's will now be able to be verified online by paying authorities who have confirmed their identities, and this will significantly reduce COC fraud;
- MyIRC Online Support Centre – Taxpayers, Tax Agents, and registered account holders will now be able to access the support centre and communicate directly with IRC officers for tax-related and general inquiries;
- Other Services – In the coming months, IRC also aims to look into other services such as the online applications for TINs, etc

The platform will be in fully functional by January 2022.

2. SWT Fraud Notice

On 04 November 2021, the IRC issued a public notice reminding taxpayers of the common payroll fraud and warned taxpayers that employment tax evasion is a criminal offense that could cause life-altering problems for a business owner or those deemed to be responsible parties. The common payroll fraud include:

- Misclassification of employees - Employee Vs Independent Contractor;
- Cash payments to employees;
- Pyramiding;
- Under-declaration and payment of SWT.

3. Repeal of Goods and Services Tax (GST) Refunds to Educational Institution

The IRC further issued a notice on 23 November 2021 in relation to the Repeal of Goods & Services Tax Refunds to Educational Institute.

The notice was to remind all concerned taxpayers, tax agents, suppliers and relevant stakeholders on the 2018 Budget changes in repealing Goods and Services Tax (GST) Refunds applicable to all registered schools and educational institutions operating nationwide.

IRC Announcements (cont.)

Effective 01 January 2018, Educational Institutions will no longer be able to claim input tax credits paid in respect of the supply to them of text books, writing materials and other educational materials. This measure is to address abuse of this concession, with the Government of the view that educational institutions claim input tax credits on other costs under the guise they are "other educational materials".

The IRC is accepting claims that have been submitted for periods prior to 01 January 2018 under the following conditions:

- existing Education institution or school was not registered on or after 1 January 2018 with credit returns back dated for prior years;
- that claims are legitimate and fully substantiated with necessary documentation as required by the IRC.

For further clarification, please contact us on [email dtttaxpg@deloitte.com.au](mailto:dtttaxpg@deloitte.com.au) or reach out to our our key contacts below.

4. S65A of the GST Act – Payment of Taxes in Special Cases

The IRC released a media statement on 25 November 2021 reminding suppliers and service providers to the Government including the State-Owned Enterprises about the obligation to withhold GST under Section 65A of the GST Act. The IRC further mentioned that the current technological issues with the Integrated Financial Management System should not affect the obligation to withhold GST by authorised withholders.

The GST Section 65A Notice came into effect on 1 August 2020. The notice is a legal document. Failure to comply with the notice will result in penalties, including prosecution.

2022 National Budget Update

The 2022 National Budget announced the introduction of a bank levy and telecommunication tax. The proposed bank levy of PGK 190M for BSP Limited and telecommunication tax of PGK95M targeted to Digicel Group has now been deferred to July 2022 for deliberation.

Deloitte will provide more detailed commentary on the introduced levies after discussions have been held.

Immigration Updates

Visa, Work Permit One Stop-Shop Launched

The Foreign Employment Division from Dept of Labour have successfully moved to PNG Immigration Office and are now open for business only on Wednesdays, Thursdays and Fridays for releasing of approved work permits. There have been delays in approval and release of work permit both in the normal and express processing, and the department is working hard on clearing the backlog.

All follow ups and queries to be done via email. Feel free to contact our Deloitte Immigration Team, Arlene Kaiulo on email dttimmigration@deloitte.com.pg for assistance if required.

Investment Promotion Authority Updates

The Registrar of Companies no longer requires the practice of attaching meeting resolutions and minutes when filing forms to update or maintain records of directors and shareholders.

IPA further advised that if you are a lodgement party or presenter of person filing a Form 10, 11, 13 and/or 15 and 16 on behalf of the company, you are required to fill or complete an Indemnity Declaration. A copy of your government issued identification card must also be presented (For example, driver's license, passport, National Identification Card etc.) when filing these forms.

Reminders: Tax and Statutory Compliance

- Annual Returns with filing month in December are due by 31st December 2021;
- 21st December is the due date for Goods & Services Tax (GST) and Other Withholding Taxes (FCWT, MFWT, BIPT);
- For SAP entities with a year ending 30 June 2021, the income tax return lodgment due extended to 31st December 2021 (as part of the previously announced IRC COVID measure extension dates);
- Our office would be on shift for festive season from 23rd December 2021 to 07 January 2022.

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

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