



Tax Alert
Tax and Immigration
Updates

April 2021



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IRC updates

1. Tax Agent Bulletin

The IRC has released the Tax Agent Bulletin No.01 of 2021, which advises registered tax agents on various matters including requirements for the lodgement of income tax returns and tax return extensions.

Income Tax Return Lodgement Requirements

Subject to additional requirements below, the IRC has advised that the extension of time for the lodgement of the 31 December 2021 returns will be granted to no later than **30 June 2021** for taxable returns and **31 July 2021** for **non-taxable returns**. Specifically:

- Companies with taxable income above K100,000 must lodge by 30 June 2021
- All partnership or trust returns must be lodged by 30 June 2021. These should be lodged with the returns for partners or beneficiaries where possible.
- The IRC has stated lodgement of returns for individuals with taxable income above K30,000 or a provisional tax credit in excess K10,000 should be treated as priority lodgements.

The additional requirements applying to extensions for annual income tax returns of taxpayers using a tax agent are broadly as follows:

- Automatic lodgement extension to 30 April 2021
- Lodgement dates may be extended beyond this provided taxpayers are on the tax agent's extended lodgement list and the following conditions are met:
 - The tax agent meets its required client return lodgement percentages as follows:

Due Dates	Taxable	Non-taxable
By 30 April 2021	30%	20%
By 31 May 2021	75%	40%
By 30 June 2021	100%	75%
By 31 July 2021		100%

- All supporting schedules are attached to the return, including a Profit & Loss statement and balance sheet
- All pages of attachments must be signed (or a signed cover letter must be attached referring to all attachments)
- Extension and further extension will not be allowed if any tax arrears or any outstanding tax matters have not been settled (or any prior arrangement for settling of such tax matters have not been made)
- Extensions beyond 30 April 2021 will not be granted if the return for the year ended 31 December 2019 was not lodged prior to 31 December 2020.

For taxpayers with a **substituted accounting period**, tax returns must be lodged within 4 months after the end of the relevant income year. If requested, extensions will only be granted for a further two months.

2. IRC will no longer issue tax refund cheques

The IRC has stated that it will no longer issue tax refund cheques to taxpayers after 30 April 2021. Refunds from this time will only be transferred directly into the taxpayer's bank account. For this, not only are taxpayers told to provide bank account details, but a current bank statement copy has also been stated as required.

IRC Contacts	Designation	Emails	Phone
Ms Joyce Are	Senior Advising Officer, Tax Refunds—TPD	arej@irc.gov.pg	322 6769
Ms Ruth Hwekwahin	Advising Officer, Tax Refunds—TPD	hwekwahinr@irc.gov.pg	322 6789
Mr Monty Galewa	Senior Finance Officer Revenue Accounting	galewam@irc.gov.pg	322 6945

3. GST to be collected from IFMS (No TIN, No Cheques)

At the APEC Haus, the Minister for Finance, Hon Sir John Pundari and the Commissioner General of the IRC, Sam Koim, launched a new initiative whereby GST Section 65A Notices are to be configured in the Government's Integrated Financial Management System (IFMS) to facilitate the direct transfer of GST to the IRC on account of suppliers.

GST section 65A is a compliance provision which authorises the Commissioner General to issue notices to recipients of goods and services where suppliers are seen to have not have not been compliant with their GST obligations. Notices issued authorise the recipient of the supply to withhold the 10% GST from the supplier and remit it directly to the IRC. The recipient and supplier will still lodge their GST returns each month to record the GST on supplies.

This compliance provision has been trialled with 15 Government agencies, which the Commissioner General stated has raised well over K20 million in the last 6 months. The IRC will be expanding this program in 2021 to national Government departments, then to statutory authorities, and then to sub-national entities.

Those who are engaged by Government bodies should also be aware that under this arrangement, all suppliers without a TIN number will have their payments on hold until being formally registered with the IRC. The IFMS configurations will be switched on May 1, 2021.

Finally the Commissioner General suggested that where collections are successfully increased to close the "GST gap", the IRC may collect enough to pave the way for future reductions in salary and wages tax.

4. Repeal of GST Zero-Rated Suppliers to Resources Companies

A reminder was issued that all suppliers of goods and services to resource companies should charge GST at the rate of 10%. We suggest taxpayers confirm the operation of any exceptions, such as that under the PNG LNG Gas Agreement, before relying on them.

5. Repeal of GST Refunds to Educational Institutions

The IRC has also issued a public notice as a reminder on the 2018 Budget changes in repealing GST refunds to Educational Institutions. This amendment was made in accordance to the Goods and Service Tax budget (2018) (amendment) Act No.23 of 2017 which became effective on the 1st of January 2018. IRC has stopped accepting and processing refund claims from schools in relation to such supplies. However, claims for periods prior to 1st of January 2018 will be accepted under the following conditions:

- Existing Education institutions or schools were not registered on or after 1 January 2018 with credit returns back dated for prior years; and

- The claims are legitimate and fully substantiated with necessary documentation as required by the IRC.

6. IRC 2020 Income Tax Return Form-C

The IRC has released a revised excel version of the 2020 corporate income tax Form-C. If taxpayers have already lodged their 2020 corporate income return using the 2019 template, the IRC has stated they will still assess it but any returns lodged in the future should be filled in using the 2020 Form-C. Other annual income tax forms for 2020 have not yet been released (e.g. individual and partnerships).

The annual forms can be downloaded here: https://irc.gov.pg/tax_form_category/current-year-annual-income/

COVID-19 Measures at Immigration

With the increasing number of Covid-19 confirmed cases in PNG, there are travel restrictions between Australia and PNG, outlined as follows:

- Suspension of chartered and commercial flights from PNG to Cairns yet to be lifted.
- The reduction of passenger numbers from POM to Brisbane by a quarter (starting on 12am 17th March 2021) remains in place.
- Outbound travel permission from Australia to PNG continues to be suspended with only crucial and critical essential workers allowed to travel.
- Suspensions apply to FIFO workers as well. The Chamber of Mines and Petroleum is engaging with Government officials to find a workable solution for the resource industry.
- Air Niugini announced that effective 20th April, all passengers departing internationally will be required to be tested for Covid-19 at the time of check-in. This is in addition to the requirement for the negative PCR test conducted within three days of travel.

If you are in PNG on a Restricted Employment Visa (REV) and need an extension as a result of the above restrictions, please contact us. Furthermore, PNG Immigration have also confirmed that further REV Extensions can be considered for those who have already utilised up to 60 days REV Extension.

COVID 19 measures IPA office closure

Given the rise in Covid19 cases in the national capital and the country as a whole, the Investment Promotion Authority (IPA) has advised the general public that the front counters to the head office in Port Moresby is closed. It has also scaled down its daily service hours as much as possible to avoid face to face interactions.

The following measures will be implemented:

- For lodgements, a drop off box has been placed at the security counters. Please ensure that the receipts and documents are attached to the applications before leaving them in the box.
- For intellectual Property matters, lodgement has to be done through the email address IPOlodgements@ipa.gov.pg
- For online lodgements of applications, create an account with a user name via www.ipa.gov.pg. Please ensure all documents are uploaded, that includes updating of business name or company records.

For further contact information please refer below:

Contacts	Emails	Phone
IPA Office	ipaonline@ipa.gov.pg	308 4439 308 4494 308 4447
Company registrations	belindak@ipa.gov.pg	
Business Name registrations	kilai@ipa.gov.pg	
Customer Services	allisons@ipa.gov.pg	
Lae Regional Office	warrenm@ipa.gov.pg	
Buka Regional Office	Officelpihau@ipa.gov.pg	
Hagen Regional Office	ipahagen@ipa.gov.pg	
Property Rights registrations	amelian@ipa.gov.pg ouisam@ipa.gov.pg dkorave@ipa.gov.pg	308 4432
Certification of Foreign Enterprises	cedrickp@ipa.gov.pg	308 4410

Covid-19 Measures at IRC

The Internal Revenue Commission of PNG is continuing to implement strict COVID-19 measures as advised in our March Tax Alert, limiting physical interaction with taxpayers and public at the IRC headquarters and the branches across the nation.

The IRC counters are open during this period, however, there are strict COVID- 19 restrictions imposed. These restrictions include: no mask no entry at the entrance; compulsory testing; hand sanitation; and physical distancing. Furthermore, all meetings with taxpayers and the external stakeholders at the headquarters will be cancelled.

Meanwhile, all monthly tax compliances are encourage to be lodged on time. As much as possible the IRC office is encouraging all taxpayers to do online facilities for lodgements, payments and correspondence. For further clarification visit the IRC website <https://irc.gov.pg>.



Reminders: Tax and Statutory Compliance

- The first Provisional Tax payment for 31 December 2021 year ends is due 30 April 2021
- Income tax returns for the 31 December 2020 year ends is due 30 April 2021 in accordance with the abovementioned tax agent lodgment programme
- Annual Returns with filing months in April are due by 30th April
- 7 May is the due date for Salary & Wages Withholding Tax (SWT)
- 21 April is the due date for Goods & Services Tax (GST) and Other Withholding Taxes (FCWT, MFWT, BIPT)

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

Leadership contacts



Andrew Harris
Partner
Tax and Business Services
Tel/Direct: +675 308 7010
andrewharris@deloitte.com.pg



Declan Mordaunt
Principal
Tax and Business Services
Tel/Direct: +675 308 7037
dmordaunt@deloitte.com.pg



Sanchika Sutharshan
Director
Tax and Business Services
Tel/Direct: +675 308 7160
ssutharshan@deloitte.com.pg



Maygen Turliu
Director
Tax and Business Services
Tel/Direct: +675 308 7017
mturliu@deloitte.com.pg

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