



Tax Alert

In this issue

- **Introduction**
- **Tax Technical Updates**
 - Country by Country Reporting
 - GST Zero Rating
 - New Salary or Wages Tax Rates
- **IRC News**
- **Important Reminders**

Introduction

Happy New Year

Welcome to the January issue of the Deloitte PNG Tax Insight! Every month, our tax team brings to you updates in the tax legislation, policy, practices and technical tax awareness that impact taxpayers every day.

Tax Technical Updates

- **Country by Country Reporting** — The IRC have issued a notice stating that where foreign entities operating in PNG are not the ultimate parent entity of the multinational group, they are not required to file country by country reports. The IRC will inform the taxpayers when local filing obligations are activated again.
- **Goods & Services Tax (GST)** — In the 2019 Budget, the Government had removed the zero-rating for supplies to

resource companies. The IRC has though confirmed that it will respect project agreement fiscal stability clauses that effectively maintain zero rating. Taxpayers are advised to confirm where unsure on the rate of GST applicable.

- **Tax credits and Salary or Wages Withholding Tax (SWT)** — The Government has increased the resident SWT free threshold from K10,000 to K12,500 and second tier band threshold from K18,000 to K20,000. You'll need to ensure your payroll systems reflect these changes from 1 January 2019. The IRC have sent out the revised SWT rate table. If you did not receive a copy please let us know.
- **Taxation of Salary Packaging of Superannuation** — The IRC has stated that voluntary disclosures for underpaid salary or wages tax, made with payment prior to 7 March 2019 will not accrue any additional penalties. Underpayment may arise in respect of salary sacrificed employer superannuation contributions, which the IRC have concluded cannot be made without amending the salary entitlements of the employee in their employment contract. If you are unclear on this point, we suggest you speak to one of our contacts listed at the end of this alert to discuss.

For those that missed the Deloitte 2019 Budget Alert, you can still view a copy using the link:

<https://www2.deloitte.com/pg/en/pages/financial-services/articles/papua-new-guinea-budget-2019.html>

IRC News

- The IRC has announced that it exceeded its tax collection target for 2018, being 8.4% higher than the original 2018 Budget amount. In total, PGK8.0 billion was transferred to the Waigani Public Account.
- Comparing 2018 to 2017, corporate income tax collections rose by 8%, salary or wages taxes by 3%, stamp duty by 125% and GST by 3.2%. Dividend, interest and royalty withholding taxes went up by 12%, 25% and 20% respectively. However, foreign contractor withholding tax fell by 18%, while personal and partnership income taxes fell by 34%.
- The IRC also announced that 2018 saw a doubling in filing rates and an almost 80% shift to online payment methods.

Important Reminders

- Annual statement of earnings to be distributed to employees by their employers is due 31 January 2019.
- Annual salary or wages withholding tax reconciliation for 2018 and the statement of earnings is due for filing with the IRC on 14th February 2019.

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

Antonio Bernabe
Principal
Tax and Business Services
Tel/Direct: +675 308 7057
abernabe@deloitte.com.pg

 [Get in touch](#)



Brought to you by:

Deloitte.

Deloitte Touche Tohmatsu Limited

Deloitte Haus
Level 9, Macgregor Street
Port Moresby
Papua New Guinea

General information only

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 225,000 professionals are committed to becoming the standard of excellence.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited
© 2019 Deloitte Touche Tohmatsu