



# **Tax Alert**

## **Changes to Salary and Wages Tax processes**

**We would like to inform you that the Internal Revenue Commission (“IRC”) has, with immediate effect changed the process to complete the 2013 salary and wages tax year end submissions and the monthly salary and wage tax remittance process.**

The IRC will no longer issue or accept the quadruplicate carbon copy slips. Electronic copies of the new forms have now been made available on the IRC’s website <http://www.irc.gov.pg/>.

### **New documents provided**

1. Statement of Earnings Process – Taxpayer Guide
2. S2 – Remittance by Group Employer
3. S6 – Salary and Wages Tax Annual Reconciliation
4. S1 – Salary and Wages Statement of Earnings
5. S1L – Salary and Wages Statement of Earnings for Large Employers
6. S1 and S1L – SOE Electronic Submission Forms

### **Main changes to the new system**

- Taxpayer Identification Numbers (TIN’s) should be used on the new forms. The IRC has been making a concerted effort over the last few weeks to issue all new and existing taxpayers with a TIN. If you have not received a TIN, one will be issued shortly. In the meantime, taxpayers may continue to use their existing Group Tax file numbers instead.
- With the year-end reconciliation (S6) employers should provide the IRC with a breakdown of the salary, tax and benefit details per individual employee. This detail is ordinarily provided through the statement of earnings (“SOE”). Large businesses (> K1 million in aggregated tax paid per annum) should use the form S1L while all others can use the form S1.
- Alternatively, employers may also choose to provide the individual employee detail to the IRC in a table format. When this format is used, SOE’s do not need to be provided to all employees.

- An SOE must be provided to an employee upon request.
- Employees who need to evidence their PNG salary tax paid to a foreign tax authority will require an SOE. These SOE's can be validated by the IRC.
- The new forms must be used for all lodgements going forward, including for prior years if these are still outstanding.
- Lodgement can now also be made electronically. Completed and signed forms can be emailed to [payments@irc.gov.pg](mailto:payments@irc.gov.pg). For the time being we recommend to lodge a hardy copy in addition to evidence the submission was made at a given time.

For any further clarification needed please contact us on **+675 308 7000** or email:

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