



INTERNAL REVENUE COMMISSION



Tax Registration, Compliance and Incentives – PNG Ready for Investment

**PNG INVESTMENT – REGULATORS FORUM
08 December 2024**

**Internal Revenue Commission
(IRC)**



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Presentation Outline

- About IRC
- Compliance
- Fiscal Regime
- Tax Incentives



INTERNAL REVENUE COMMISSION



Internal Revenue Commission (IRC)

Authority established under the IRC Act 2014

IRC head is the Commissioner General, Mr Sam Koim, OBE

Administer the Income Tax Act, Goods and Services Tax Act, Stamp Duties Act and subsidiary Acts

22 offices located in the provinces including four regional tax centres
HQ located in Port Moresby, Revenue Haus



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Compliance - Tax Registration

Register within twenty-one (21) days of commencement of business to obtain Taxpayer Identification Number- (TIN)

Separate TIN registration for each resource project

GST registration is mandatory for businesses with Annual Turnover of K250,000 and over

Foreign incorporated businesses must register with IPA before applying for a TIN



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Compliance - Filing of Tax Returns - Corporate entities

Businesses with financial period ending
31 December

28 February after end of financial
year

Businesses with substituted accounting
period(SAP) other than 31 December

Two (2)months after end of financial
period

Consent of the Commissioner General is required for adoption of SAP

Businesses represented by registered tax agent – Tax agent Lodgement Program



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Compliance - Filing of Other Tax Returns

Employees Salary/Wages tax
(SWT)

Monthly – 07th day after the end of the month in which the payment was made.

Goods and Services Tax(GST)

Monthly – 21st day after the end of the month in which the payment was made.

All other Withholding tax
(as and when payment is made)

21st day after the end of the month in which the payment was made.



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Compliance – Reporting & Maintaining Business Records

Tax Reporting and Payment of Tax

Reporting to be expressed in PNG Kina. CG can give consent to report and pay in currency other than Kina

Record Keeping

Must be in English language.
Kept in PNG
Retained for 7 years

Fiscal Terms – Mining, Oil & Gas

Ring-fenced or Project basis of assessment	Income earned from a resource project is assessed as if it were the only income of the company
PNG financial year	12 months period ending 31 December
Corporate tax (CIT)	30%
Additional Profit Tax (APT)	30% where IRR exceeds 15%
Fiscal Stability Premium	2% additional CIT - for guarantee of fiscal stability

Fiscal stability period -

Mining and Petroleum projects – the lesser of twenty (20) years or the financing period

Designated Gas projects – period necessary to produce a foundation volume

Fiscal Terms – Mining, Oil & Gas Deductions

Allowable Exploration expenditure (AEE)	Deduction is calculated by dividing the balance of un-deducted AEE by the remaining life of the project or four, whichever is less
Allowable capital expenditure (ACE)	Long life assets – 10%, annual deduction is claimed on a straight-line basis over ten years.
Oil & gas operations	Short life assets - the deduction is calculated by dividing the un-deducted balance by either the remaining life of the project or four, whichever is less.
Allowable Capital Expenditure (ACE) for Mining operations	the deduction is calculated by dividing the un-deducted balance by either the remaining life of the project or four, whichever is less.
AEE and ACE deductions cannot create a tax loss	
Interest Deduction	Limited to Debt/Equity ratio 2:1



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Fiscal Terms

Foreign Contractor Withholding Tax (FCWT)	15%
Dividend Withholding Tax (DWT)	15% *
Interest Withholding Tax (IWT)	15% *

* Rates under Double Tax Agreement prevails for Tax Treaty Partners
DWT and IWT are final tax for resident individuals and non- residents.
FCWT is also a final tax



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Fiscal Terms – Goods & Services Tax (GST)

Goods and Services Tax(GST)	10% of the value of the goods and services purchased domestically and on imports
GST Deferral Scheme	Under a deferral scheme, the payment of the GST on import is deferred until the time the taxpayer lodges its GST return
Group Registration	Can register all branches or companies as a group and submit one GST return for the whole group. An application is required, and approval is granted by the CG



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Tax Incentives – Mining, Oil and Gas Operations

Transfer of un-deducted exploration expenditure upon expiry, cancellation or surrender of an exploration licence	The exploration expenditure accumulated within the previous 20 years can be transferred to a project and claim deduction
Pooling of Exploration expenditure incurred outside of project	A deduction can be claimed against income from a project limited to 25% of pooled expenditure or some amount that may reduce tax payable by 10%(or 25% for mining) whichever is the lesser
Undeducted ACE and AEE upon expiry, cancellation or surrender of a resource development right	Those amounts can be transferred to other projects, retain their character and deduction allowed against project income



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Tax Incentives for Mining , Oil and Gas Operations

Fly In Fly Out	Tax Exemption on additional leave fares provided conditions are satisfied. CG to consent
Goods and Services Tax	<ul style="list-style-type: none">▪ Zero-rated for supplies of goods and services to resource companies▪ Import exempt on goods (other than cars) for use solely in carrying on resource operation▪ Exports are zero-rated
Infrastructure Tax Credit	0.75 % of assessable income spent (expenditure incurred) on approved projects deemed as tax paid (credit) rather than a deduction



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Stamp Duties Incentives – concessional rates

Transfer of Resource Information	Stamp duty charged limited to K10, 000.00
Transfer of Exploration Licences	Concessional rate of K10,000.00 is charged. If the transfer is for more than the historical cost of obtaining the mining information duty is charged at 2% on the excess.
Transfer of Development Licences	2%



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THANK YOU FOR YOUR ATTENTION

Visit IRC Booth for more information