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IRC in the news

The IRC continues to emphasise revenue growth, compliance initiatives and collaboration with key stakeholders. Recent updates provide a useful indication of the IRC priorities as it works towards achieving its 2026 revenue objectives.

- **Mid-year performance**

  The IRC reported a strong first-half performance for 2026, with revenue collections increasing by 46% compared to the same period in 2025. The mid-year review also reaffirmed the IRC's focus on leadership continuity, tax compliance and taxpayer service improvements as it works towards achieving its 2026 targets. The strong revenue performance is likely to reinforce the IRC's compliance and enforcement campaign, and taxpayer should expect continued audit activity and compliance reviews as the IRC seeks to maintain momentum and achieve its full-year objective.

- **ABG engagement**

  The IRC and the Autonomous Bougainville Government (ABG) reaffirmed their commitment to strengthening tax compliance and revenue collection efforts in the region under a Joint Work Plan collaboration. The increased focus on compliance monitoring and capacity building reflects continued efforts to strengthen tax administration and businesses operating in the region should be prepared for more IRC engagement.

- **Strong revenue contributions from the resources sector**

  The IRC recognised Newmont Lihir's operation for its substantial advance payment tax contributions with payments of around K1.5bn during the first half of 2026. The IRC also highlighted the important role major taxpayers play in supporting government revenues and broader economic development. This acknowledgement reflects the resource sector's continued importance to PNG's revenue base particularly in a period of strong commodity prices.

Revenue raising powers to be granted to Bougainville

The Prime Minister has announced that the PNG government intends to transfer full revenue-raising powers over key sectors, including fisheries, mining, forestry and land, to ABG by the end of 2026. The announcement forms part of ongoing discussions between the National Government and ABG aimed at strengthening the region's fiscal autonomy and revenue administration framework. The proposed transfer of revenue powers would represent a significant development in PNG's tax and fiscal landscape and businesses operating in the region should continue to monitor developments closely, particularly in relation to the proposed tax framework, revenue-sharing arrangements and any changes to tax administration that may affect future compliance obligations.

Regulatory framework still awaiting releases and updates

Despite being well into the third quarter of 2026 and with the Income Tax Act 2025 (ITA25) in place for the year to date, the relevant Income Tax Regulations expected as part of the new act remain pending. In the absence of the regulations, the full implementation of certain elements of the ITA25 remain challenging. This was one of the reasons for the IRC's announced transitional period which itself expired on 30 June. In addition, the IRC has so far only issued one ruling and two guidance notes for 2026 (in relation to car benefits, some transitional instructions on salary packaging and a general summary on withholding taxes). For taxpayers, the state of the regulatory environment does give rise to additional uncertainty and risk. Taxpayers should continue to carefully review their actions considering ITA25 as the prevailing legislation and should be ensure that positions taken and tax treatments determined are well documented and supported to reduce the risk of future challenge.

Is the level of governance improving?

The past weeks have seen significant levels of reporting in relation to the need to improve governance of government entities, statutory authorities, and other public institutions. The governance in question relates to the submission of basic financial reports and acquittals of grants and expenditures. The reporting of failures in this area is not new, however, the current range of voices calling for improvement is wide and the calls are perhaps more persistent. Whether this focus will create lasting change is yet to be determined. However, improved transparency and consistency in financial reporting is a laudable goal and business, government and social society should all continue to raise the bar for governance standards.

Final Budget Outcome 2025 released

The overall budget resulted in a deficit but showed improvement, with the final deficit slightly lower than budgeted and significantly reduced compared to the previous year. The Treasurer warned of an accumulated "tax gap" of K1.6B over the last two years emphasizing the need for strengthened tax administration and compliance efforts. The tax gap is a reference to tax collections growing at a slower rate than the nominal GDP growth rate. The Treasurer notes the (planned) establishment of the IRC governance board as a remedy to enhance revenue collection and combat the informal economy.

Nevertheless, total tax collections grew by 7.9% compared to the previous year. Taxes on income increased 6.1% from the prior year. Personal Income Tax slightly exceeded expectations, while Company Tax underperformed. Mining and Petroleum Taxes (MPT) were notably below budget with collections being impacted by ongoing capital deductions on major energy projects balanced against strong commodity prices. GST collections were influenced by government measures such as GST exemptions on essential goods and challenges in implementing the GST monitoring system. Nontax revenue was also above the prior year, but below the 2025 budget, driven mainly by shortfalls in expected dividends from state owned entities. The 2025 budget outcome indicates that PNG remains on track for the government’s 13-year budget repair plan.

Challenges for the National Statistics Office

The difficulties facing the National Statistics Office were recently highlighted by PNG’s National Statistician. According to that officer, there has been a lack of progress in the development of adequate systems to collect the information required to produce relevant meaningful timely and accurate information. Despite the growing reliance on country wide statistical data by government departments such as Treasury and National Planning and Monitoring as well significant use by development partners, data quality and availability, collection infrastructure, technical support for sampling methodologies remains among the significant challenges faced by the organisation. While this may seem an esoteric challenge for the country, the availability and use of good quality data is critical for allocating available resources.

For more information on these or other topics, reach out to your PwC contact.

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