



# PNG Pulse

## Keeping you informed

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### IRC in the news

As we reached the end of 2025 and launch into 2026, the IRC has continued to be active in its campaigns for awareness and to continue the trend of publicising a range of achievements and initiatives. Key updates include:

- The IRC reported strong revenue performance for 2025, collecting PGK17.3 billion in taxes (a 4% increase from previous year) while also undertaking modernisation efforts and suffering operational challenges including the cyber incident in early 2025. Significant reforms included system upgrades, organisational restructuring, and implementation of new tax laws. The IRC also reported distributing PGK1.1 billion in GST to provinces and PGK907 million in GST refunds or offsets. Nevertheless, the annual budget papers noted that collections fell short of budgeted figures which were predicated on even faster growth in collections.
- The IRC and the Independent Commission Against Corruption (ICAC) formalised a Memorandum of Understanding (MOU) focused on information sharing and collaborative enforcement. This partnership strengthens PNG's anti-corruption framework by enabling timely exchange of intelligence to detect undeclared wealth, suspicious financial arrangements, and systemic misconduct. For taxpayers, this development signals heightened scrutiny of complex structures and reinforces the importance of transparency and robust compliance systems. Businesses should review governance practices and ensure accurate tax reporting to mitigate exposure to possible enforcement actions under this regime.

### Income Tax Act 2025 now in force

Effective 1 January 2026, the Income Tax Act 2025 (ITA 2025) came into force, marking a significant milestone in PNG's tax reform agenda. The IRC has reiterated its commitment to a smooth transition to the new legislation. A transitional period from January to March 2026 has been announced, during which time employers are encouraged to review payroll systems and processes in line with forthcoming guidance notes and stakeholder engagement initiatives. While the supporting Regulations and the Tax Administration Act are expected to complement the ITA 2025, final versions have yet to be released or gazetted. Taxpayers should proactively assess the potential impact of these changes on their operations and prepare for compliance as further details become available.

### Policing the GST zero rating on essential goods

The IRC continues to publish information to allow the public to report businesses that are believed to be not applying the GST zero rating on essential household goods by providing clear channels for complaints. As the temporary regime originally introduced in June 2025 has been extended, businesses should continue to review their pricing and GST compliance of these items to avoid any reputational and financial risks, while consumers play an active role in safeguarding compliance.

### Draft ruling on motor vehicle benefits

The IRC has released its draft Public Ruling on determining the taxable value of motor vehicle benefits, in line with the increased prescribed value effective from 1 January under the ITA 2025. A window for comments on the draft was open in early January. The ruling broadly confirms the principles behind the calculation of the benefit and application of the three permitted reductions, namely for employee contributions, non-availability for private use, and business use. It is proposed that the usage reductions are to be determined based on a logbook, maintained by the employee for an initial representative period and then applied thereafter, possibly for the balance of the income year.

## International visitors IGF/OECD/TIWB

The IRC recently hosted an IGF/OECD and Tax Inspectors Without Borders (TIWB) mission reflecting PNG's commitment to strengthening its tax administration and aligning with global best practices. The focus on BEPS, transfer pricing, and Pillar Two implementation reflects the increasing complexity of international tax compliance. Practical workshops on Transfer Pricing and Capital Gains Tax (CGT) are timely, given the imminent enforcement of CGT from 1 January 2026 and its significant implications for the extractive sector. Businesses operating in forestry, mining, oil and gas, and related industries should anticipate heightened scrutiny, particularly around cross-border transactions and asset disposals. Proactive compliance reviews, documentation of arm's length pricing, and readiness for global minimum tax rules will be critical to mitigate risk and ensure alignment with evolving legislation.

## New Acting Commissioner General

The IRC appointed Sam Loi as Acting Commissioner General effective 17 December 2025. All statutory powers and functions of the Commissioner General are now vested in the Acting Commissioner, and the IRC has reported that taxpayers, agents, and other stakeholders should expect no disruption to compliance obligations or service delivery.

## Technology Risks and Readiness: Key Priorities for PNG Organisations in 2026

As we enter 2026, technology continues to shape the ambitions of organisations across Papua New Guinea. Transformation today is about adopting technology securely and responsibly amid emerging risks. While PNG shares many global tech trends such as AI, cloud computing, automation, and digital ecosystems, our unique challenges around infrastructure, skills, governance, and regulatory requirements amplify the stakes.

### Key Technology Risks Areas:

- **Cyber Risk as Business Risk**  
Cloud migration and data centralisation increase exposure to cyberattacks that disrupt operations and trust.  
**Key actions:** Adopt proactive, AI-enhanced defence systems that detect threats early and respond rapidly.
- **Vendor Dependence and Data Sovereignty**  
Reliance on global cloud and AI providers can limit visibility and control. Understanding where your data lives and who can access it is vital, especially as local regulations evolve.  
**Key actions:** Establish strong digital governance, challenge vendor risk, and ensure compliance with data protection requirements.
- **AI Security and Insider Risks**  
AI agents act independently and have deep system access, creating new insider threat risks.  
**Key actions:** Implement strong access controls, monitoring, and human oversight for key decisions.
- **Skills and Governance**  
Technology is evolving faster than organisations' readiness to manage associated risks. Building skills and strong governance will be key for effective oversight and risk management.  
**Key actions:** Build internal capabilities and create governance frameworks that align with today's digital risks.

If your organisation is beginning its journey with AI, cloud, or automation, or strengthening technology governance, we can help you navigate these complexities securely and effectively.

### For more information, contact:

Peter Burnie  
Partner  
peter.burnie@pwc.com

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