



PNG Pulse

Keeping you informed

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IRC in the news

Having maintained a disciplined compliance strategy during the first half of the year, the IRC remains committed to improving tax engagement and compliance while ensuring all taxpayers meet their obligations with updates including:

- The IRC continues to remind GST section 65A withholders of their obligation to remit the corresponding GST amount from affected invoices to ensure compliance and necessary action will be taken to recover any unremitted GST including imposition of applicable penalties.
- The IRC has advised taxpayers of temporary service disruptions in NCD and Central Province which may affect counter services and processing times. To minimise delays, taxpayers are encouraged to lodge returns, remittances and other documents online and make electronic payments while IRC technical teams work to restore normal service levels.

Income tax return compliance

As the 2025 income tax return filing season progresses, taxpayers should ensure their returns are completely supported by all required documentation. Following the reintroduction of the IRC's assessing function in previous years, returns that do not meet lodgement requirements can be refused, potentially leading to delays and exposure to late lodgement penalties. The documentation requirements remain aligned with those from last years' filing season. Taxable returns for the 31 December 2025 year falling under a tax agent lodgement program are due for lodgement by the end of July. Non-taxable returns are due by the end of August.

GST monitoring and enhanced enforcement

The Commissioner General recently commented on the IRC's continued commitment to the introduction of GMS (a real time GST monitoring system). This initiative has been in the making for several years and, while the overall intent of the system is clear, the administrative and technical details that will guide taxpayers have yet to be released. Nevertheless, the IRC remains committed to a roll out in 2026. Expectations are that this will be done in phases by industry sector, with an initial focus on retail operations. Affected taxpayers will be required to provide real time transaction data through the installation and use of IRC approved software tools that will likely also require hardware upgrades for many businesses. There are potential challenges for impacted businesses and there will be increasing calls for clarity on the scope and technological requirements well in advance of any operational date. The IRC continues to express its interest in broadening the tax base and capturing businesses that currently operate outside the GST system, although the initial launch of GMS is unlikely to capture unregistered businesses.

GST and coffee industry refunds

The GST withholding process under Section 65A of the GST Act (whereby GST is remitted directly to the IRC by designated recipients of taxable supplies rather than the supplier) has gained significant traction, with ongoing expansion of the list of affected payers. However, the focus recently has come back to one of the original industries in which the system was first applied. Coffee buyers have been responsible for remitting GST on their coffee purchases for many years. However, the IRC has recently been called upon to defend the delays in the processing of refunds to those in the coffee sector. The IRC contends that there have been substantial frauds uncovered which continue to support the application of Section 65A.

Bank of PNG and superannuation monitoring

The Bank of PNG is the supervisory and regulatory body for superannuation funds. Recently, the Bank has undertaken a public awareness program with the aim of ensuring employers understand and are compliant with their mandatory superannuation obligations. All employers who engage 15 or more employees are required to contribute 8.4% of the employees' base salary from their own funds. The program states that inspections to monitor compliance are planned. Superannuation is an area of employee remuneration where taxation, employees, employers and the Bank of PNG all intersect, and it can be complex. Those operating in PNG with 15 or more employees should regularly review their arrangements to ensure compliance.

Australian High Court clarifies treatment of unpaid trust entitlements to companies

An interesting development in the taxation of trusts in Australia, while not having direct relevance to PNG's Income Tax Act 2025 (ITA 2025), raises some considerations for organisations with discretionary trusts in PNG. In a landmark decision delivered on 10 June 2026, the High Court of Australia in *Commissioner of Taxation v Bendel* [2026] HCA 18 held that an unpaid present entitlement from a discretionary trust to a corporate beneficiary did not constitute a "loan" under Division 7A of the Income Tax Assessment Act 1936, merely because the company had not called for payment.

Although the ITA 2025 does not contain a direct equivalent to Australia's Division 7A regime (noting that PNG's former 1959 Act included a Section 7D provision with some similarities), the underlying trust law principles analysed in the judgment - particularly regarding the effect of trust deed wording and when a vested or present entitlement arises - may still be persuasive when interpreting the attribution rules for trust income under sections 62 and 63 of ITA 2025.

Importantly, unlike under the previous 1959 Act where trusts - particularly those distributing to corporate beneficiaries - were often subject to punitive taxation, the Income Tax Act 2025 introduces a clearer and more coherent attribution framework that makes properly structured discretionary trusts a more viable and flexible option. Taxpayers operating discretionary trusts with corporate beneficiaries (or planning to do so) are encouraged to review their trust deeds and distribution resolutions to ensure they achieve the intended tax outcomes under the ITA 2025.

Grey List update

As a result of the Financial Action Task Force (FATF) putting PNG on the grey list, the list of regulatory, legislative, supervisory and enforcement areas in which the country needs to show improvement has been clear. To exit the grey list, an 18-point reform roadmap must be completed. The roadmap is managed by FATF and includes key requirements such as completing national risk assessments, updating anti-money laundering laws, and proving the practical effectiveness of financial enforcement. The Treasurer recently commented on progress of the National Coordination Committee's work, reporting that progress on five of the 18 recommendations was on track for a September 2026 deadline. These items include completion of further amendments to three pieces of legislation and risk assessments. However, progress on some of the remaining recommendations remains elusive.

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

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