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April 2021

IRC releases new income tax forms

In late March, the IRC released the new versions of the corporate income tax return forms. These are now available on the website of the IRC. Generally, a revision in the forms is issued well in advance of the tax filing season, and often they are accompanied by taxpayer guides and some information in relation to new or altered items that are contained in the forms. The current release of new forms unfortunately does not contain any new or specific guidance, despite the changes included in the form.

Rather than a single Form C, the 2020 versions have been presented in six versions, covering extractive industries, primary production and other activities (with a version for “PNG” and “Foreign” for each industry). Other forms (e.g. Form P and Form I) do not appear to have been updated or revised.

The forms continue the trend of the IRC seeking additional disclosure and the forms appear to wish to provide a number of new data points which presumably will be utilised further by the IRC for risk reviews. Among the new schedules and information points are additional schedules for detailed disclosure and a range of balance sheet ratios to be derived from the form’s contents. However, the forms also have a number of potential shortcomings including that they are available only in a fixed PDF version, a number of the schedules have limited fields that prevent the recording of amounts of PGK 10 million or more, and a number of fields appear to autofill amounts incorrectly. There are also changes to the attestation by public officers and tax agents in relation to the information that is included in the return.

These shortcomings and a lack of appropriate guidance on the usage of the forms will likely cause confusion for many corporate taxpayers. We recommend that you consider the implications of the changes to the forms and their suitability for completion and filing of returns within the required lodgement time frames.

COVID-19 and tax compliance timeframes

In early April 2021, the IRC released the dates for the 2020 filing season. As anticipated, there are currently no additional deferrals or concessions anticipated in the lodgement program because of the impact of COVID-19. For taxpayers registered through a tax agent lodgement program, taxable returns are due for lodgement by 30 June and non taxable returns are due by 31 July.

The IRC has required that tax agents specifically identify “late lodgers” as part of their tax agent program - being those that did not file a 2019 return before the end of 2020. The IRC has also further emphasised that agents must provide information on the status of the taxpayers provisional tax payments to be included on the lodgement extension list.

Other items of note in the tax agent bulletin include a repeat of last years’ IRC position that unless all elements of the return are signed by the public officer, the return will not be considered as lodged and that returns must include a balance sheet, profit and loss, and notes to the accounts as well as supporting schedules.

GST Section 65A extension

The IRC has announced an extension of the Section 65A GST collection mechanism within the government sector. The system was originally established and rolled out to 15 government departments and agencies. In the latest announcement, the IRC has indicated that the GST collection system will be linked directly to the government's Integrated Financial Management System which will allow direct payments of a GST amount to the IRC. The scope of the scheme is to be widened to the 36 government departments that use the IFMS system, to be followed by statutory authorities and eventually sub-national entities.

Provisional tax instalment due

The end of April will see the due date for the payment of the first provisional tax instalment for companies 2021 tax year. Given the challenging economic conditions, this is an opportunity to review and potentially revise the instalment amount. However, there are penalties for underpayment of provisional tax should the revised amount be lower than the ultimate 2021 tax payable.

As a reminder, the instalment will be based on the last income tax assessment in the IRC's system, which would generally be for 2019 (as 2020 returns are generally yet to be completed and assessed). The prior year amount is then subject to an uplift and used as the basis for the current year instalments.

New for Substituted Accounting Period (SAP) taxpayers

In an effort to implement the changes in the Income Tax Act aimed to align the provisional tax requirements to those taxpayers with substituted accounting periods, the IRC has released a notice clarifying the due dates.

The payments are designed to be due 120, 210 and 300 days after the year ends for the taxpayer. For example, the IRC notice confirms that March year end taxpayers' first 2021 instalment will be due on 31 July 2021, for June year ends, the first instalment will be 31 October. SAP taxpayers should take this opportunity to consider the implications of the notification and how the provisional tax instalments will transition from the previous timetable to the new calendar.

If you would like to know more about any of these developments or have any other questions, please get in touch with your usual PwC contact.

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