

PNG Pulse

Keeping you informed



June 2017

IPA defaulters list update

The IPA has recently announced that there has been an extension in the period during which late fees will be waived for the lodgement of outstanding annual returns. Rather than the previous amnesty period through to the end of June, the waiver will extend through to 20 July 2017.

In another announcement, the IPA also provided a concession to those companies whose registrations had been cancelled due to non-compliance as a direct result of the Bougainville crisis. Companies based in the Autonomous Region of Bougainville who meet the criteria will have a full waiver of the applicable fees to reinstate these companies.

Finally, although the list of defaulting companies accessible through the IPA website has not been updated since being initially published, we are aware that the IPA is working through submissions received in relation to those companies who had been included on the list. They are processing returns lodged under the amnesty program as well as reconciling and updating records where there may have been missing information in the on line record. We

understand that the plans to undertake the de-registration program in the latter part of the year are unchanged.

Tax Return lodgement dates

Please note that the end of June is the due date for lodgement of taxable corporate income tax returns for companies with a 31 December balance date and who are included within a tax agent lodgement program.

The 30 June date represents the maximum extension possible without the risk of penalties for late lodgement and late payment of any tax owing. The IRC has indicated that this extension is only available to taxpayers that have settled all provisional tax instalments due and have no other outstanding tax matters that are not subject to a prior arrangement with the IRC.

For any taxpayers with prior year returns still outstanding, they will continue to be classified as late lodgers and therefore not be entitled to any extensions until returns are up to date.

Although historically the IRC has not been aggressive in the enforcement of a number of its administrative processes and rules

(including late lodgement and late payment penalties on corporate income tax), it is clear that this is changing as the impact of more automated systems and stronger administration becomes the norm. Therefore, all taxpayers should be aware of their lodgement deadlines and responsibilities.

Tax reform

The issue of tax reform has been making some headlines recently particularly with the looming elections. The focus of the commentary has been around the Tax Review Committee report from November 2015, both in terms of what reforms have been implemented as well as those that are included in the report but have not yet been addressed.

As we have previously noted, the report has been the source for the tax changes included in the 2016 and 2017 budget, for example the extension of additional profits tax, the

standardisation of dividend withholding tax and changes to foreign contractor withholding tax.

Recent press coverage has centred on a major reform suggested by the Tax Review Committee: increasing the rate of GST to rebalance the tax take towards indirect taxes and away from direct taxes such as income tax. So far, this seems to be the only issue receiving attention, but clearly there are other areas raised in the Tax Review Committee report. For instance, other significant tax reform proposals from the 2015 report included the reduction or removal of incentives and capital gains tax. Time will tell whether any or all of these will be considered in the next budget.

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

Contacts

If you would like further advice or information in relation to the issues outlined in this bulletin, please call your usual PwC contact or any of the individuals listed below:

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