

PNG Pulse

Keeping you informed



Revamp of the Law on Associations

The Investment Promotion Authority is currently undertaking a review of the Associations Act 1966 (the Act). The Act seeks to govern the operations of different organisations including not-for-profit (charitable organisations) and churches, among others. The proposed changes are intended to address issues that have been identified as problematic for local associations and bring the Act into compliance with international anti-money laundering (AML) mandates aimed at bringing a higher level of transparency and accountability to this sector.

Some of the key focus areas being targeted for change include a requirement for a high level of documentation to be maintained by large NPOs or for NPOs operating internationally. The changes are aimed at requiring associations to maintain information on objectives of the NPOs, annual financial statements and level of controls put in place to ensure that funds are accounted for.

The IPA is seeking feedback on the consultation memorandum which provides a narrative overview of the main areas driving the discussion for change. Comments on the proposed changes should be directed to the IPA through email address; ggLegislativeReview@ipa.gov.pg.

BEPS and CRS on the way in PNG

Recently, the IRC hosted a technical workshop under the auspices of APEC that focussed on the level of understanding and implementation of BEPS minimum standards for economies in the APEC region. Technical input came from the OECD as well as the ATO as IRC officers spent a week working on implementing the BEPS agenda items.

Although we are waiting for a number of NEC decisions to be able to move to signature on the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the MLI), PNG will become a signatory. This will unlock a number of changes for the existing tax treaty network as well as shine a spotlight on cross border arrangements more generally.

At the same workshop, the IRC also covered their progress on implementing the Common Reporting Standards for the automatic exchange of information in accordance with the Multilateral Competent Authority Agreement (the MCAA). Again, PNG is well on the way to implement the arrangements with a peer review process under the Global Forum anticipated for early 2019.



Through joining these multilateral arrangements, the IRC will be able to access significant new sources of information that are important in their risk selection and review activities and we should expect to see the fruits of these efforts in the coming years.

Tax accounts and timeliness

Once again we would like to highlight the importance of active monitoring of a taxpayer's tax balances. Recently, we have observed a large number of 2017 Corporate Income Tax returns have been assessed, although the IRC has not served the assessment notice on the taxpayer. Despite the lack of service, the assessment has been recorded in the tax account statements.

Although tax assessments are payable 30 days from the date of service of the assessment notice, as the assessments have been recorded within the IRC system, the system clock starts to run from the date the assessment was processed. As a result, enforcement actions may commence irrespective of the lack of service of the assessment notice. In order to reduce the risk of surprise firmer enforcement actions, including garnishee notices being raised, we recommend that if the 2017 return will require a payment of tax on assessment, that taxpayers review the current tax accounts to confirm whether assessment has occurred. If it has, then steps should be taken to obtain a copy of the assessment and determine the correct due date for payment.

Tax training workshops

We have now finalised the timetable for the PwC tax workshop series to be held between October 2018 and May 2019. The workshops are conducted in association with CPA PNG. As in prior years, the series aims to provide practical training and guidance on a range of tax topics. Details are available on our [website](#) or by contacting CPA PNG.

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.

Contact
Peter Burnie
Partner, Tax
(675) 321 1500 | (675) 305 3100
peter.r.burnie@pg.pwc.com

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