



# PNG Pulse

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**August 2025**

## IRC in the news

Public activity levels remain high for the IRC this month with strong efforts continuing to generate public discussion on taxation administration and some key tax issues.

### Section 65A GST

- This collection mechanism remains a focus with the IRC highlighting the participation of local authorities in regional areas with the withholding and remittance requirements. This type of application (to encourage compliance among entities who are often not fully within the GST system) represents the original rationale for Section 65A's existence and is a welcome reminder.

### Training focus

- Participating in upskilling through formal training continues, particularly for specialised teams within the IRC. It has been reported that with the assistance of development partners IRC representatives participated in courses within PNG as well as those conducted regionally covering enhanced transfer pricing (in conjunction with Tax Inspectors Without Borders and supported by the ATO/OECD) and management and leadership (in conjunction with PITAA)

### GST zero-rating of essential goods

- As the implementation of the zero-rating of essential goods rolls into its third month, there continues to be challenges with how the regime is being applied in practice. Despite the press campaign, industry players and consumers continue to struggle with some inconsistency in the interpretation and resulting application of goods by taxpayers in various sectors, and ongoing challenges taxpayers are facing in receiving feedback and guidance from the IRC. There has been no further public guidance, but engagement with the IRC continues to be on a 'per-taxpayer' basis.

## Taxpayer guides released for current filing season

31 July 2025 marked the filing deadline for the 2024 income tax returns of taxpayers in a tax payable position. The past months have been a period of significant uncertainty for taxpayers regarding the expectations of the IRC "Assessing Function", which was announced as being re-introduced in May. As part of their commitment to ease the burden for taxpayers, the IRC has (somewhat belatedly) released information on documentation requirements for submitting income tax returns. A [Simplified Taxpayers Guide](#) was released on 17 July 2025 providing formal guidance and checklists to taxpayers on expectations for supporting documentation.

While the formal guidance is welcomed, it unfortunately did not allow a lot of time to react, both to provide feedback to the IRC on their expectations, and to collate the required documentation. Taxpayers filing returns in a loss-making position (due 31 August 2025) need to ensure that the guidance is thoroughly reviewed, and documentation collated to reduce the risk of tax returns being rejected when lodged at the IRC Assessing Function counter.

## IRC view on taxation in the natural resource sector

To kick off August, the IRC has released a [Media Statement](#) on the upcoming end of the legislated tax holiday period for the Ramu NiCo project in 2026. The statement goes on to make wider observations in relation to what the IRC terms as the use of 'tax concessions' for the deductibility of capital expenditure incurred by companies investing in the PNG extractives sector. Interestingly, the statement expresses a view that this results from 'aggressive tax planning' by companies, rather than deductions that taxpayers are entitled to in the ordinary course of their business activities because of capital spend on projects. This announcement continues the trend of increased IRC activity and scrutiny of taxpayers across various sectors, including the resource sector. Arguably, the document presents a view on tax policy matters, rather than the role of tax administration that would

normally be associated with the IRC. However, in any case taxpayers should be focussed on ensuring that the tax treatment of all expenditure within their operations is clearly aligned with the relevant legislative authority. Further, the IRC communications indicate a trend of applying a retrospective lens to taxpayer decisions, maintaining contemporaneous documentation is important in presenting the taxpayer's position.

### **New Income Tax Act update – draft Income Tax Regulations 2025**

In another milestone towards the effective date for the implementation of the New Income Tax Act, Treasury have drafted an updated version of the new income tax regulations. These are subsidiary legislation that provides for guidance and in some cases bridging from the NITA to day-to-day tax administration.

The text of the regulations has developed from the previous draft released for comment in October 2024 and limited consultation will be undertaken on this version. While there appear to be some adjustments to the earlier draft, the new regulations seek to establish some new approval requirements for taxpayers who may be required to have the IRC more deeply involved in areas such as employee/employer relationships.

### **Building a Secure Future: Data Protection and Governance for PNG Businesses**

In Papua New Guinea's evolving digital landscape, businesses face increasing challenges around managing and protecting data. Global rules like the European Union's **General Data Protection Regulation (GDPR)** and **Australia's Privacy Act 1988** have raised the bar for data privacy and security.

PNG businesses that trade internationally or handle personal data of overseas customers must comply with GDPR. If your business deals with customers in the EU or other countries covered by GDPR, these rules probably apply to you. That means being transparent about how you collect, store, and use personal data and acting quickly if something goes wrong. Non-compliance could lead to fines, loss of customer confidence, and damage to your brand.

At the same time, PNG has developed a draft **Data Governance and Data Protection Policy** to provide a local framework aligned with global best practices. It aims to help businesses and government agencies handle data responsibly, protect privacy, and unlock new opportunities safely.

Adopting data governance and protection measures is no longer optional; it is essential for sustaining customer trust and supporting business growth. A culture centred on data privacy transforms compliance from a requirement into a competitive advantage.

For PNG companies, this is a chance to not only comply with these growing rules but also to make data protection part of your business reputation.

Key practical steps for PNG companies include:

- Regularly reviewing data handling practices against local policy and international standards like GDPR.
- Establishing robust cybersecurity measures to safeguard stored and transmitted data.
- Training staff on data privacy principles and incident response protocols.
- Ensuring you have the right controls in place to keep data secure.

By embracing a strong culture of data protection, PNG companies can secure their place as responsible, resilient players in the global digital economy.

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.

#### **For more information, contact:**

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