



PNG Pulse

Keeping you informed

www.pwc.com/pg

February 2026

IRC in the news

The IRC continues to remain active in its campaigns to ensure taxpayers are well informed and aware of key tax obligations and ongoing initiatives, including:

- The IRC Audit Training Team has commenced Phase Two of its training program for the Bougainville Tax Office (BTO) in Arawa, delivering targeted modules on financial statement analysis, audit risk identification, and practical field audit techniques. Following the training, IRC and BTO officers conducted joint field audits in Arawa and Buka, and there is an expectation for improved compliance. Efforts in Bougainville reflect broader regional compliance initiatives.
- PNG participated in negotiations on the UN Framework Convention on International Tax Cooperation in New York. The delegation's work is focused on strengthening international tax rules, addressing cross border tax challenges, and improving domestic resource mobilisation. The framework is expected to be completed in 2027.
- The IRC has expanded its digital communication footprint with the launch of its official WhatsApp Channel, further enhancing how taxpayers access reliable and timely tax information. This initiative complements IRC's existing communication platforms—including its website and active presence across other social media platforms such as Facebook, LinkedIn, Instagram, X, and YouTube—reflecting a broader strategy to modernise taxpayer engagement and improve compliance through accessible, real-time updates. It is hoped that the consistency and relevance of messaging will continue to improve.
- The IRC published more information on how GST is administered nationally. Taxpayers are reminded that provinces cannot modify GST rules, negotiate special arrangements, or claim entitlements based on local activity. GST distribution follows a fixed formula set by national law and is unlike some resource-based payments linked to specific locations.

Income Tax Act 2025 – rulings and guidance

Formal guidance and rulings on the application of the Income Tax Act 2025 continue to be a work in progress based on indications from the IRC. To date, the draft Ruling on employer-provided motor vehicle benefits remains the sole draft document issued to assist taxpayers with navigating the new tax legislation.

While the [transitional period](#) remains in effect until 31 March 2026, with the IRC committing to a 'fair and reasonable' approach to compliance by taxpayers with the new Act, the clock is ticking on this period and both guidance and updated forms are required for taxpayers to meet their ongoing compliance obligations. This should continue to be monitored by taxpayers and discussed with your advisors to ensure that you are aware of your tax obligations.

Treasury submissions being called for Budget 2027

The Department of Treasury has announced its annual request for the submission of items for consideration in the budget process. All stakeholders are encouraged to submit views on tax policy matters and suggestions for changes bearing in mind the existing fiscal policy frameworks as included in the current Medium Term Revenue Strategy and Medium-Term Development Plan. This will be the first opportunity for taxpayers to reflect and react to the policy changes implemented through the recent introduction of the Income Tax Act 2025.

Joint action with ICCC on compliance with GST zero rating on essential goods

The application of the GST zero-rating regime on essential goods continues to be an area of focus from a compliance point of view. GST zero rating inspections were carried out across the Momase Region by the IRC, ICCC, and PNG Customs at 106 retail and wholesale outlets.

An IRC statement highlighted that this inspection identified various instances of non-compliance, including GST being incorrectly charged on zero rated items, and 'system manipulation' and GST reporting anomalies suggesting potential tax evasion by taxpayers. The IRC announced their intention to issue enforcement notices to these taxpayers, emphasising the importance for businesses that are in scope of this regime to ensure processes and compliance are up to date.

Managing Third-Party Risk: Essential for PNG Business Resilience

As Papua New Guinea businesses increasingly rely on third-party vendors for technology and services, managing vendor-related risks has become critical. While external partners offer expertise and scalable solutions that drive innovation and efficiency, they also introduce risks that can impact data security, operational continuity, and compliance.

Key Risk Areas for PNG Businesses

- **Data Security and Privacy:** With growing exchanges of sensitive data, vendors' security controls must meet stringent standards to protect information.
- **Operational Dependence:** Vendors often become central to core business processes, creating situations where internal staff lack the knowledge or capacity to manage critical functions independently, increasing vulnerability if vendors face issues.
- **Over-Reliance on Single Suppliers:** Without contingency plans, dependence on one vendor can lead to severe disruptions.
- **Regulatory Compliance:** Vendors must align with PNG's data protection laws and international best practices to ensure lawful operations.
- **Vendor Financial Health and Stability:** Ensuring third parties can deliver sustainably over time is vital to avoid disruption.

Effective Vendor Risk Management: Best Practices

- **Due Diligence & Assessment:** Conduct thorough evaluations before onboarding, including security posture, financial stability, and legal compliance.
- **Contractual Controls:** Embed clear service level agreements (SLAs), data protection clauses, and audit rights into vendor contracts.
- **Ongoing Monitoring:** Implement continuous performance and risk monitoring, leveraging digital tools where possible.
- **Incident Response & Recovery Plans:** Develop coordinated approaches with vendors to quickly address and recover from incidents.
- **Capacity Building:** Invest in training internal teams to understand third-party risk and manage vendor relationships effectively.

By integrating these practices, PNG organisations can strengthen resilience, safeguard operations, and support sustainable growth in an increasingly digital economy.

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

For more information, contact:

Peter Burnie
Partner
peter.burnie@pwc.com

© 2026 PricewaterhouseCoopers. All rights reserved.
PwC refers to the Papua New Guinea member firm and may sometimes refer to the PwC network.
Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.