

July 2025

### IRC in the news

Staying informed about the IRC's perspectives and objectives continues to be crucial for taxpayers in aligning their efforts and navigating the tax environment effectively. Key updates and action items include:

#### IRC issues summary responses to recurring income tax return queries

- The IRC has released a summary of responses to common queries raised by tax agents during the most recent Tax Agent Liaison Group meeting. The IRC sought to provide some additional guidance and clarity on a number of brewing issues mainly to do with the work of the recently revived assessing section. The IRC guidance includes some assistance to taxpayers in terms of guidance on what is required for a fully compliant return. Incomplete income tax return forms and missing required attachments have been a source of some delay and frustration for taxpayers in the current compliance season. You should check in with your tax agent to understand how the latest guidance may impact on your return.

#### Tax compliance update for GST section 65A withholders and contractors

- From 1 June to 31 December 2025, authorised GST section 65A withholders are being instructed to ignore the requirements of the business income payment tax (BIPT) provisions. This means that even though no valid certificate of compliance (CoC) is available, payers of prescribed payments are instructed to not withhold BIPT from contract invoices. Rather, only the GST element of the invoice is required to be withheld and remitted in accordance with the Section 65A GST notice. This temporary measure aims to simplify tax compliance processes and reduce financial pressure on contractors. Details of relevant IRC contacts have been provided for further information or clarification. The act does provide a basis for the IRC to vary the obligations of those subject to the BIPT system, although this is through a notice issued to the paying authority. It may be appropriate for Section 65A withholders to seek formal notice to ensure they have followed the requirements of the act.

#### IRC hosts Commonwealth Association of Tax Administrators (CATA) Annual Meeting

- The IRC will welcome heads of tax administrations and technical experts across the Commonwealth for the annual meeting this month which focuses on enhancing digital transformation, efficiency and effectiveness of tax administration, and capacity building to strengthen revenue mobilisation for sustainable development.

### Special Economic Zones continue as a focus

The Minister for International Trade and Investment has been actively promoting the newest wave of Special Economic Zones (SEZ) opportunities through the recent launch of the SEZ Foundation Policy (2025-2032). In one of the first actions under the policy the existing SEZ Act from 2019 which established the authority to administer SEZs is to be revamped. The number and range of SEZs announced and gazetted continues to increase with developments in the real estate space, tourism and manufacturing sectors being those currently in existence.

### Final Budget Outcome

The Final Budget Outcome for 2024 (FBO) was recently released by Treasury. The report acknowledges that revenue collection for the year fell short of the budget expectations by 11%. While tax revenues were only marginally down on budget expectations (PGK248M shortfall) but more significantly, the non-tax revenue was down on budget aims by 52% (equivalent to PGK1.295M). The most significant contributor to the shortfall in non-tax revenues was lower dividend payments from SOEs. For tax revenue GST, excise, and company tax were all below budgets, whereas SWT and mining and petroleum taxes were over budget.

However, the FBO reports that the expenditure side of the budget was also trimmed by an amount similar to the shortfall in revenue and hence the overall budget deficit remained in line with expectations and the 13-year budget repair plan to bring the budget into surplus remains broadly on track. The next significant release from Treasury on the nation's finances should be the Mid-Year Fiscal and Economic Outlook for 2025.

### **GST zero rating on essential goods**

The zero rate GST on 13 household items including coffee, chicken, cooking oil, flour, biscuits, tinned fish, sanitary pads etc is now in force and will be in place through until 30 June 2026 in accordance with the current laws. The IRC and ICCC have been communicating strongly their interest in businesses to comply with the new GST rates. However, detailed guidance of which specific product lines fall within each of the essential goods categories has been generally provided through one on one engagement by producers and importers with the IRC rather than through comprehensive published guidance. If your business is still uncertain on the application against specific products, a direct request for clarification may be required.

### **Strengthening Cyber Defences: Protect Against Evolving Threats**

Cyber incidents are on the rise, impacting not just IT systems but brands, trust and reputation. For PNG businesses, especially those in financial services, telecommunications and travel, prioritising robust cybersecurity measures is urgent. Recent incidents, such as the airline cyber-attack and the IRC ransomware attack emphasise the urgent need for PNG businesses to prioritise robust cybersecurity measures.

PNG's unique digital landscape, characterised by expanding mobile connectivity, emerging fintech ecosystems, and growing digitisation of government and infrastructure, brings both opportunity and risk. However, limited cybersecurity frameworks and reliance on external service providers make PNG organisations attractive targets for cybercriminals.

We are seeing rising interest in developing foundational cyber hygiene, incident response playbooks, and training programs to build local capability. These basics are critical precursors to more advanced detection and resilience strategies. As cyber threats become increasingly sophisticated, PNG businesses must take proactive steps to safeguard their digital assets. Whether you're a small enterprise or a large corporation, understanding the local cyber threat landscape is crucial for developing effective defences.

Organisations must continuously evaluate their cybersecurity posture through critical self-assessment. Consider these questions to assess your organisation's readiness:

- How do you effectively protect customer data and ensure the security and privacy of customer information?
- If your systems experienced an outage today, how would you determine whether it was a technical failure or a cybersecurity incident?
- How quickly could your organisation detect a coordinated cyberattack similar to those targeting superannuation funds?
- What protocols do you have in place for public disclosure when a cyber incident occurs?
- Have you conducted tabletop exercises that simulate a coordinated attack on your financial systems?
- How resilient are your backup systems if primary security measures fail?

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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