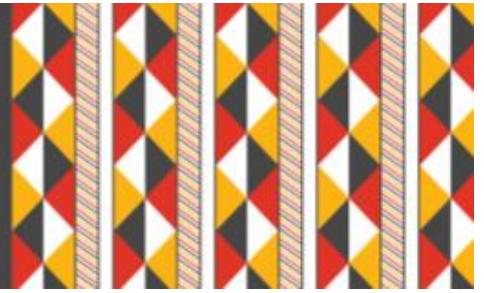




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March 2025

IRC in the news

So far, 2025 has seen the IRC actively addressing critical issues and developments to enhance its operations and delivery of services to various stakeholders. Key updates and action items include:

Cyberattack incident

- In January, the IRC experienced a ransomware attack that disrupted its network and email systems. The Commission focused on containment and recovery efforts, ensuring that SIGTAS remained secure and fully operational. The Commission further released a media statement in February assuring stakeholders that taxpayer data remain unaffected and secure while progressing towards complete restoration of the systems. It is important to revisit lodgement and payment processes with the IRC during this period and continue to monitor your compliance, while it appears SIGTAS is online, the access for all relevant officers is still a work in progress.

Career opportunities and training

- The IRC continues to be on the lookout for staff to fill a number of senior executive positions to support its leadership team. The IRC's ongoing efforts to recruit additional officers is part of the broader strategy to enhance its capabilities and achieve its revenue collection objectives.
- In collaboration with the Australian Taxation Office (ATO), the IRC continued its comprehensive audit training program to enhance the skills and knowledge of its auditors. This program includes beginner, intermediate, and advanced levels, focusing on foundational principles, complex auditing processes, and advanced technologies, respectively. The initiative aims to improve technical proficiency, analytical skills, tax compliance, ethical standards, and career development among IRC auditors.
- Leveraging international expertise demonstrates a commitment by the IRC to invest in the professional development and compliance capability of its staff.

Compliance drive

- In recent interviews with the media, the Commissioner General continues to emphasize the significance of creating an equal playing field on tax compliance for local and foreign investors in PNG. Notably, IRC audits are expected to be a valuable exercise to collect information and assess the level of compliance among taxpayers – whether foreign or locally owned.
- This is consistent with the various programs of comprehensive audits as well as targeted campaigns continuing to be a feature of the landscape, and taxpayers should be prepared for IRC action.

Proposed IMF Oversight Board

The International Monetary Fund (IMF) has proposed the establishment of an 'Oversight Board' to supervise the administration and enforcement of tax laws of the IRC in PNG. This proposal is part of a broader initiative to enhance transparency and accountability in countries receiving financial assistance from the IMF. The board aims to provide an additional layer of oversight to ensure that financial and policy commitments are met effectively. However, the IRC has expressed strong opposition to this proposal, arguing that it threatens the integrity and independence of the organisation. The IRC maintains that it already has robust internal and external accountability frameworks and questions the necessity and timing of this oversight, especially amidst ongoing audits of major multinational corporations.

The concerns of the IRC about maintaining its autonomy are understandable given the potential implications of external oversight on its operations. While the intentions of the IMF may be aimed at ensuring accountability, it is

crucial to monitor how this proposal develops and to ensure that any changes do not undermine the IRC's effectiveness or independence.

IPA developments

The IPA is actively enforcing compliance with its registry requirements, leading to the removal of foreign enterprises from the Foreign Enterprise Unit (FEU) register for failing to file their Annual Status Report on time. Companies that miss the deadline for submitting their annual return, even if filed before an approved extension date, face removal from the IPA register. To reinstate an entity, an online application must be submitted, detailing the reasons for reinstatement. This rigorous enforcement aligns with its broader strategy to ensure compliance and transparency within its registry system and aims to enhance the integrity of its records and support a fair business environment.

New Income Tax Act

As part of the 2025 Budget, the Treasury announced that the new Income Tax Act was intended be passed during the first parliamentary sitting in early 2025. The first parliamentary sitting original scheduled in February 2025 pushed through in March 2025 and new Income Tax Act is yet to reach the floor of parliament as of 17 March. However, the proposed effective date remains unchanged, applying to tax years beginning after 1 January 2026.

Provisional tax reminder

Following the continued restoration of the IRC systems, taxpayers should be mindful of the status of its provisional tax notices. The provisional instalment tax payable for June, September and December balancers is due for payment towards the end of April 2025 being:

- 31 December balancer (1st provisional tax) - 120 days after the end of the accounting period
- 30 September balancer (2nd provisional tax) – 210 days after the end of the accounting period
- 30 June balancer (3rd provisional tax) – 300 days after the end of the accounting period

Late payment of provisional tax instalments is subject to penalties, making it important to consider your instalment payment obligations ahead of the due date.

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:

Peter Burnie
Partner
peter.burnie@pwc.com

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