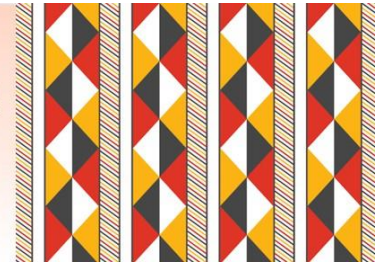




# PNG Pulse

## Keeping you informed

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**May 2025**

### IRC in the news

Once again, the IRC has been out and about engaging with the community as well as highlighting a number of actions and initiatives they are pursuing. Keeping track of the IRC's views and their intent is important for taxpayers in aligning their efforts and understanding the tax environment. Some of these key updates and action items include:

#### **Cyberattack incident**

- The Commissioner General continued to reassure taxpayers that the impact of the January cyberattack has been overcome and that taxpayer data was secure in the SIGTAS system. However, it is clear from interactions with IRC officers that efforts continue to upgrade other systems following the attack (including email). There are transition issues associated with electronic correspondence between taxpayers and tax officers. We would strongly recommend that taxpayers revisit outstanding matters with the relevant IRC action officer to ensure that they remain in a position to be able to address taxpayer outstanding matters.

#### **Regional focus**

- The IRC continues to be active in conducting both awareness and enforcement actions in regional centres through the country. The performance of regional operations was then under review at a meeting in Port Moresby in early May at which the IRC demonstrated its commitment to boosting activities outside the main metro areas. There was also reporting in relation to the increasing enforcement of Section 65A GST on provincial and local level government departments that are subject to these notices.

#### **International engagement**

- The continued involvement of the IRC in multinational tax forums was highlighted with the reporting of the Commissioner General moderating a meeting of the Commonwealth Association of Tax Administrators addressing the processes and successes of enhancing digital transformation for tax administration. There was also another joint action with participation by the IRC in a Pacific Islands Tax Administration Association run capacity building training. The level of regional and multilateral cooperation continues to increase reflecting the surge in interest in tax administration and the impact of funding from a number of developmental partners. Taxpayers should welcome the potential for upskilling of IRC personnel and acknowledge that they should equally be developing their understanding of regional and international trends in taxation matters.

#### **2025 Performance on track**

- It was reported that IRC collections through to the end of April were on track towards the full year 2025 goal. This report garnered praise from the Prime Minister. Although there are potential headwinds for the remainder of the year in terms of events and legislative changes that may negatively impact collection, the IRC is reportedly confident of completing the remainder of the year within 3% of the full year collection target, which would represent double digit growth over the 2024 collections.

## **New Income Tax Act**

As we move another month closer to the implementation of the new income tax act, there is still no clear timetable for the required milestones before the effective date of the legislation. The act requires the issue of a new set of income tax regulations, and it remains unclear whether there will be further consultation on these over the coming months. The Taxation Administration Act (TAA) will need to be amended – although this will require a three step process with: the current version of the TAA needing to be brought into effect through gazettal (it was passed in 2017, but never made effective), then repealed to be amended, and the new version to be passed through Parliament. The IRC also acknowledges the importance of issuing some public administrative guidance on transitional items – although there is no published timeline for this to occur. Taxpayers should continue to review their operations in light of provisions of the new act to identify areas for adaptation or change in their operations.

## **Manufacturing Policy and National Content Policy for the resource sector**

The Prime Minister was recently on hand in Port Moresby to launch the National Manufacturing Policy and the National Content Policy. These policies have been developed by the Department of Commerce and Industry. As the names of the policies suggest, there is a clear focus on the encouragement of domestic procurement of goods and services, the consideration of mandating hiring targets for the national workforce, a requirement for capacity building within the workforce. The policies also seek to encourage industrial diversification into areas such as agro-processing, encouragement of downstream processing more generally, and reinforces the role of infrastructure such as special economic zones to general regional industrial growth. The plans are ambitious and are far reaching statements of policy intent. It would be expected that further regulatory and other supporting actions will be aligned with the policy and could be rolled out in the coming months and years.

## **GST zero rating changes**

The 2025 Budget (released December 2024) introduced a cost-of-living relief measure through proposing to GST zero rate 13 household items including coffee, chicken, cooking oil, flour, biscuits, tinned fish, sanitary pads etc. While the revised GST rates for these items is legislated to commence from 1 June 2025, there is still no technical guidance or support for the implementation of this measure. This is likely to cause significant difficulty and uncertainty among importers, wholesalers, and retailers from the end of this month. Taxpayers who may be impacted should consider the implications for systems, invoicing, etc and be ready for action at short notice, assuming that guidance is made available within the coming two weeks.

## **CEPA and Customs to cooperate**

The Conservation and Environment Protection Authority (CEPA) has signed a MOU with Customs that seeks to strengthen enforcement of controls over cross border movement of CEPA controlled items. These include items such as refrigerants that can be ozone depleting, as well as other potentially hazardous chemicals and substances. The MOU would be expected to allow CEPA to impose fines or penalties for imports that breach environmental regulations.

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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