

# ***PNG Pulse***

## ***Keeping you informed***



### ***IRC keeps the public notified***

Historically, the IRC has issued a number of circulars on items of interest to taxpayers. While these have not been prolific, they are issued in accordance with a program described in TC 2011/1 Administration: Taxation Circulars. This style of communication enables the IRC to provide their view on points of interest or interpretative guidance for taxpayers. In many jurisdictions, the process of issuing circulars is also the cornerstone of a public consultation process that enables input from tax agents and taxpayers in matters that are of broad interest and concern. Recently however, the IRC has taken the opportunity to publish Public Notices in the national press in order to disseminate their views in relation to two specific issues. Last month, this was the mechanism for releasing their interpretation of the implications of remuneration planning around employer superannuation contributions. Last week saw another Public Notice, this time focussed on the use of interposed entities for the avoidance of salary and wages tax. The structures described by the notice will be declared void and pursued under Section 361 of the Act (which deals with tax avoidance arrangements). The risks associated with interposed entities and SWT or individual contractor arrangements have previously been described in TC 2013/4 and TC 2016/1. Nevertheless the Public Notice again highlights the Commissioner's view of these arrangements and the willingness to apply the anti-avoidance provisions of the Act. Taxpayers should continue to review any such arrangements and consider the implications.

### ***OECD to lend a hand***

October saw the signing of an agreement on the sidelines of the APEC Finance Ministers meeting between PNG and the OECD in relation to PNG joining the Tax Inspectors Without Borders program. The Treasurer is confident that the program will greatly assist the IRC in executing its functions particularly with respect to the mining forestry and fishing sectors.

The program seeks to provide support for revenue authorities through the provision of technical assistance through the OECD to enhance the capacity of local revenue authorities in applying the tax laws in cross border transactions. The OECD expects that the first support under the agreement will be on the ground in early 2019. This follows on from the BEPS workshop held in Port Moresby as part of the APEC program and the commitment of the IRC to participating fully in the multinational efforts around the BEPS minimum standards.



## ***Budget date announced***

Treasury has confirmed that the budget will be brought down on Tuesday, 13 November. As previously covered in PNG Pulse, there is little official word on what fiscal changes may be introduced in this year's budget. However, the Treasurer through the MYFEO and the Budget Strategy Paper has signalled that the budget will be a continuation of the last two years' efforts. The Government continues to focus on the goals set out in the Medium Term Revenue Strategy and the Medium Term Fiscal Strategy. In particular, a strengthening of collections and a proportionate increase in taxation against GDP through improved administration and enforcement. We will be again jointly hosting with the Badili Club a post budget breakfast during which we look forward to hearing from the Treasurer on Wednesday, 14 November. We will also be releasing a budget summary paper after the budget is brought down covering the relevant tax changes in particular.

If you would like to know more about these recent developments or have any other questions, please get in touch with your usual PwC contact.

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