



## November 2022

### **Budget 2023 deferred...again**

The current sitting of Parliament commenced on time from 21 November, with the expectation of the Budget being brought down on 22 November. However, the planned date has now been deferred twice. Initially a two day delay was announced and now a further delay has rescheduled the delivery of the budget until 29 November.

The confusion in relation to the date for the delivery of the Budget 2023 unfortunately marks the last in a series of unplanned date changes for the past four years. While there is no official explanation for the delay, it likely indicates the ongoing challenges for the PNG government in aligning its intentions with a range of relevant stakeholders. As usual, PwC's budget publication will be available with analysis and commentary on tax changes shortly after the budget's release.

### **IPA developments taking shape**

We have previously highlighted the passing of a Bill entitled the Companies (Amendment) Act 2022. This Act has now been certified. The aim of the amendments is to reform the current laws relating to companies, address money-laundering matters and provide for better internal governance of companies and facilitate re-registration with the IPA. The latest changes pave the way for a major upgrade of the online registry, which will require all companies incorporated and registered under the Companies Act to update their data in the new system via a re-registration process.

A practical manifestation of this change is now in place as the IPA online registry has been off-line since 22 November 2022 in preparation for migration to the new online registry. It is expected to go live in December 2022. The IPA continues to report that all registered companies in PNG will need to re-register in the new registry within one year (from the period 1 December 2022 to 30 November 2023). While full details of how the new system will operate are being shared piecemeal by the IPA, it does appear that all entities will be asked to complete a data refresh the first time their record is accessed online, as well as confirm the correctness of the data migrated from the old system.

It appears that re-registration will be free for all compliant companies. Should records not be up to date, then the entity risks deregistration unless outstanding annual returns are lodged. If your company is not currently up to date with the annual return lodgements, you will be required to submit all outstanding annual returns when applying for re-registration. While the nature of the user interface and the full functionality remains unclear, the messaging from the IPA is clear as they intend to enforce and enhance the level of compliance with their company registry function.

### **BEPS, international tax initiatives and PNG**

The IRC recently published an update on PNG's status within a range of international tax initiatives on the back of their attendance at the study group on Asia-Pacific Tax Administration and Research (SGATAR). While the group has been in place since 1970 as an annual forum for tax administrators to enhance cooperation, improve administration and discuss issues related to tax administration, the IRC's level of engagement with this body as well as a range of international tax fora has been increasing in recent years.

A primary driver was the signing by PNG of the Multilateral Convention to Implement Tax Treaty-Related Measures to Prevent Base Erosion and Profit Shifting (MLI) in 2019. As well as the Convention on Mutual Administrative Assistance in Tax Matters ("MAAC") in 2021. While both agreements are yet to be ratified to be made effective, these do set the platform for much greater international integration by the IRC. The initial goal will be accessing automatic exchange of information. The IRC also continues its engagement with Tax Inspectors without Borders and has during the past years had at least one formal program in place.

The IRC has committed to continue on the path of following the international tax community and participate in the BEPS process. They also continue to express their view on the interpretation of the operation of the management fee withholding tax within the framework of existing treaties, although this view does appear to be at odds with their treaty partners.

Taxpayers should continue to be aware of the BEPS process and broader initiatives being driven through multilateral agencies and organisations such as the OECD and to monitor how this will interact with PNG's domestic laws and cross border transactions.

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](mailto:peter.burnie@pwc.com)

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