



# PNG Pulse

## Keeping you informed

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### IRC in the news

A feature of the IRC's operations over recent years has been both the level of project activity as well as the increased levels of transparency in disclosing its actions. This month is no exception with reporting on a range of activities.

#### International collaboration

- Senior representatives from the IRC continue to join multilateral meetings and have been highlighting their commitments to training and development through this engagement. Within the past weeks, IRC delegations reported on attending the Pacific Islands Tax Administrators Association under the theme of enhancing agile tax frameworks for tomorrow's economy and the Study Group on Asia Pacific Tax Administration and Research (SGATAR) meeting with the theme of sharing innovations within Asia Pacific tax administration.

#### Domestic training

- In addition to international cooperation, local capacity building and training was also featured with the conduct of a Compliance Improvement Plan workshop in Lae, the training and induction for new officers being announced as well as reporting on a partnership with World Bank on an AI powered taxpayer services pilot. Adequate and appropriate staffing is one of the most significant challenges for the IRC and it is hoped that this focus will continue to address this need.

### NITA guidance information released and subsequently clarified

With the commencement date for the Income Tax Act 2025 (NITA) rapidly approaching, efforts have continued for taxpayers to understand what actions will be required to ensure compliance from 1 January 2026. A key "day one" challenge is considering changes to the taxation of employee benefits. The NITA has changed the valuation methodology for employer provided motor vehicles (but not the tax collection mechanism). The IRC released a public notice that appeared to suggest a change the taxing point for employee benefits but then quickly issued a clarification to revert to the established practice of collection of tax on benefits through the SWT system in accordance with NITA. While taxpayers should ensure that they are keeping abreast of how NITA will impact their operations, clear accurate guidance from IRC would also be welcomed in a time of transition.

### Mining Industry in the headlights

The Prime Minister recently issued a directive to the IRC aiming to ensure that all mining companies are paying their fair share considering the current strong global prices for PNG's exported mineral supply. This initiative reinforces the recent stance of the IRC in focussing on the extractive resource sector through a range of tax audits as well as public notices referencing what the IRC sees as industry wide tax avoidance patterns. The IRC describes features such as the timing of expansion projects and participation in the infrastructure tax credit program to support its position.

### The threat of grey listing from FATF

In recent months the level of reporting in relation to the likelihood of PNG being placed on the Grey List by the Financial Action Task Force (FATF) has intensified. There is heightened concern in relation to PNG's status given FATF's observations that enforcement of the country's rules and systems that counter money laundering and terrorist financing are not showing sufficient progress. The absence of prosecutions is one of the indicators that has been highlighted. The most recent FATF review also cited weaknesses in the disclosures surrounding beneficial ownership, the enforcement of reporting obligations, and a lack of coordination among regulatory agencies.

While the next FATF review is not due until early 2026 the items of concern that have been identified have long lead times to resolve. Moving to the grey list could lead to higher borrowing costs, damage to PNG's standing within the international community and ultimately threaten cross border banking relationships.

### **IMF support for PNG budget to continue**

The ongoing arrangements between PNG and the IMF which has seen budget support being available for the past several years are set to continue with a staff-level agreement being reached recently allowing the release of approximately US\$220 million (subject to IMF board approval). The IMF noted a positive economic outlook.

### **Cybersecurity Awareness Month: Important Trends and Risks PNG Businesses Need to Know**

As we mark Cybersecurity Awareness Month, it's important for businesses to understand the changing cyber threat environment—and why acting now matters more than ever. With mobile access growing, fintech developing, and government services moving online, PNG is becoming more connected. But this also means more cyber risks, especially with new technologies like artificial intelligence (AI) creating both opportunities and challenges.

Findings from PwC's Global Digital Trust Insights show that cyber attackers are using AI to launch more frequent and harder-to-detect attacks. For PNG organisations, which often have limited cybersecurity resources and rely on outside providers, these threats are especially serious. Building stronger defences isn't just a technical issue—it's something all leaders need to take seriously today.

Key Cybersecurity Trends and Risks for PNG Businesses include:

- **AI-powered attacks:** Hackers use AI tools to automate phishing scams, create fake videos or voices (deepfakes), and bypass traditional security systems.
- **Risks from supply chains:** Many attacks happen through weaknesses in vendors or service providers who don't have strong security measures.
- **Cloud security risks:** Moving quickly to the cloud without fully understanding the risks can lead to exposed or stolen data.
- **Growing data privacy requirements:** Governments and customers expect better protection and quick, transparent responses to breaches.
- **Cyber awareness gaps:** Employees who aren't trained or aware remain a top way attackers get in.
- **Ransomware becoming more complex:** Attackers not only lock up data but also threaten to release sensitive information to pressure victims into paying.

As cyber threats are getting more advanced, organisations need to respond quickly. PNG businesses should combine new technologies like AI with strong security processes, check their vendors carefully, and build a workforce that understands cyber risks at every level. Cybersecurity isn't just an IT issue—it's a business priority. If businesses don't act now, they risk serious disruptions, financial losses, regulatory penalties, and damage to their reputation. But those who invest in better controls and prepare for these new risks will be in a stronger position to protect themselves and their customers. During Cybersecurity Awareness Month, we encourage all PNG organisations to take a closer look at their cyber risks.

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.

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