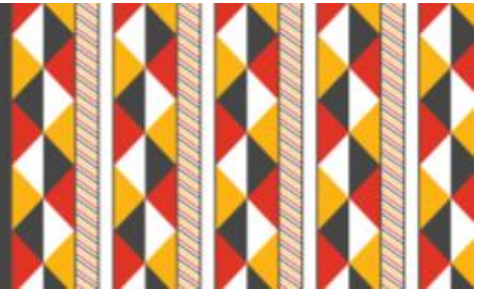




# PNG Pulse

Keeping you informed

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**April 2025**

## IRC in the news

The past month has been a very active one for the IRC developments, with historical matters reaching new stages, as well as a number of new initiatives being launched. Some of these key updates and action items include:

### **Cyberattack incident**

- The echoes of the cyber-attack committed on the IRC in January continue to reverberate. In the first formal announcement since mid-February, the IRC acknowledged in early April that there was ongoing disruption to services and stated that recovery efforts were continuing. There appears to be no change in the original statement that taxpayer data in the SIGTAS system was unaffected. However, there are continued challenges with email communications and there does appear to be a substantial amount of correspondence that is unable to be recovered. Taxpayers with outstanding matters will need to verify whether information submitted in furtherance of outstanding matters continues to be accessible or will need to be resubmitted.

### **Tax Inspectors Without Borders**

- The IRC has announced a new initiative with the support of Tax Inspectors Without Borders, which is a program supported by the OECD and a range of other multilateral and donor agencies. The goal is to provide skills and assistance to tax authorities. The IRC has previously engaged with the group on a targeted campaign looking into operators in the forestry industry. The new campaign is set to target the mining and extractive sector and in particular support for tax audits of taxpayers in these areas. Training and technical assistance as well as integration with the Australian Tax Office are reported to be part of the program. The IRC's ongoing access to technical support is a key part of their development program.

### **Software signings**

- The introduction of a taxpayer administration system to replace SIGTAS has moved a step closer. The IRC has announced that the contract for the Integrated Tax Administration System (ITAS) has been signed with a software developer. The long-awaited move to ITAS is expected to significantly enhance the capability of the IRC to interact with taxpayers in a more streamlined manner. There is no reported timeline for the project to be completed. The IRC has also engaged to introduce the GST Monitoring System (GMS) which will allow the collection of more timely data on GST transactions. The program is modelled on similar systems in place in other Pacific Island countries such as Fiji.

## **New Income Tax Act**

As noted in our [special edition](#) of the PNG Pulse, the new income tax bill presented in parliament in the latter part of the March sitting and, after a short period for debate, was passed into law. Amidst the excitement of the passing of the new act, it should be remembered that there will be a number of other legislative developments required before the effective date of 1 January 2026. We await the update of the Tax Administration Act which will operate in conjunction with the new act as well as the income tax regulations that will be required to support the new act.

As part of the parliamentary debate, it was also recognised that there was the potential for further technical amendments before the act becomes effective. Therefore, the opportunity for submissions by impacted taxpayers continues for a number of months.

### **IMF praise for the new Income Tax Act**

The International Monetary Fund's (IMF) PNG representative has placed his support behind the new Income Tax Act. Supporting ongoing tax reform has been a continuing theme associated with the support from IMF for PNG's fiscal consolidation efforts. The passing of the new act has therefore been welcomed. The IMF echoed the Treasurer's parliamentary speech introducing the act as having the intent of simplifying the law as well as introducing long awaited policy changes. The IMF representative also highlighted the wide-ranging consultation over a number of years that went into the development of the legislation. The reports fall short of committing the IMF to support the introduction of supplementary and supporting legislation, however, it is hoped that their interest in broader reform will continue.

### **GST filing changes**

The IRC has taken a step towards reducing the compliance burden for a limited range of taxpayers with the announcement of quarterly GST filing. The opportunity is for invited taxpayers only who have annual taxable supplies of less than PGK1.5M and an adequate reporting and compliance history. It is reported that initially some 500 qualifying taxpayers will receive a notification of permission to reduce their filing frequency.

### **Climate Change regulatory developments**

The Environmental Conservation and Climate Change Ministry recently announced a series of changes that will have potentially far-reaching impact. After a two-year ban, the potential for voluntary carbon market projects is being enabled. The regulatory framework has been in place for a number of years, although the implementation of projects was suspended as there were concerns over the level of appropriate stakeholder engagement. However, the opening of the market may see projects growing in this space.

Another key initiative is the plan for the imposition of "green fees" on all foreign passport holders entering and leaving the country. The imposition of a levy is planned to fund climate resilience and adaptation programs and is anticipated to be collected through the Climate Change Development Authority. Details on how, when and the mechanism for the proposed PGK50 levy are not fully available, although the reported start date is as early as May 2025.

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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