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[2019

Income Tax Act 1959 (as amended)

LODGEMENT OF INCOME TAX RETURNS

I, **DR ALOIS DATON**, Acting Commissioner General of the Internal Revenue Commission (the "Commissioner General"), by virtue of the powers conferred on me by Section 223 of the *Income Tax Act 1959* (as amended) (the "Act") and all other powers me enabling, hereby require every person categorized in the Schedule below to furnish to me a return signed by that person, setting forth a full and complete statement of the total income derived by that person during the year of income, and any deductions claimed, for the year of income commencing on 1st January and ending on 31st December, 2018, (or within a substituted accounting period adopted in lieu of that year pursuant to Section 12A of the Act), containing such information and lodged within the times specified in the Schedule below.

SCHEDULE

A. Categories of persons required to lodge income tax returns.

- (1) Every company resident in Papua New Guinea whose total income derived from all sources, both in and out of Papua New Guinea, was in excess of K2.00.
- (2) (a) Every non-resident company whose total income derived from all sources in Papua New Guinea was in excess of K2.00.
 - (b) However, a non-resident company whose income from Papua New Guinea consisted solely of dividends which have borne Papua New Guinea dividend (withholding) tax or interest which has borne Papua New Guinea interest withholding tax or whose sole income from Papua New Guinea was from a prescribed contract and such income has borne Papua New Guinea foreign contractors (withholding) tax or whose sole income from Papua New Guinea was from an insurance contract and such income has borne Papua New Guinea non-resident insurers withholding tax, is not required to lodge a return of income.
- (3) (a) Every non-resident person (other than a company) whose total income derived from all sources in Papua New Guinea in excess of K1.00.

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- (b) However, a non-resident person whose income from Papua New Guinea sources consisted solely of dividends which have borne Papua New Guinea dividend (withholding) tax or interest which has borne Papua New Guinea interest withholding tax or whose sole income from Papua New Guinea was from a prescribed contract and such income has borne Papua New Guinea foreign contractors (withholding) tax is not required to lodge a return of income.
- (4) Every person resident in Papua New Guinea whose total income from all sources, both in and out of Papua New Guinea (other than repatriation, age and invalid pensions and other exempt income as defined in the Act), including income derived by way of salary or wages where that salary or those wages were not subject to salary or wages tax in accordance with the Act and the *Income Tax (Salary or Wages Tax) (Rates) Act 1979* as amended.
- (5) Every person resident in Papua New Guinea who derived a capital amount, being an allowance, gratuity, compensation or distribution from a superannuation fund, which is deemed to be salary or wages in whole or in part because that allowances, etc, was paid in consequence of retirement from or the termination of, an office or employment.
- (6) Every person resident in Papua New Guinea who derived a housing allowance or any other allowance not fully taxed, which was deemed to be salary or wages subject to salary or wages tax in accordance with the Act and the *Income Tax (Salary or Wages Tax) (Rates) Act 1979* as amended.
- (7) (a) Every person resident in Papua New Guinea, whose total income from all sources, both in and out of Papua New Guinea (other than income specifically exempted from tax in the Act) consists of or includes income derived by way of investments, or income so deemed by virtue of the Act, including rent, interest, annuities, dividends, or income by way of royalties or other income from any source which is not otherwise specified in this Gazette, where that income (when taken together with any other income in this Gazette and income derived by way of salary or wages, whether or not subjected to salary or wages tax in accordance with the *Income Tax (Salary or Wages Tax) (Rates) Act 1979* as amended, was in excess of K10,000.00.
- (b) However, a person resident in Papua New Guinea who derived income other than salary or wages, described in this item as investment income, where that income is gross before allowance or any deductions, rebates or credits, and does not exceed K100.00, is not required to lodge a return of income unless especially requested to do so by the Commissioner General.
- (8) Every person resident in Papua New Guinea whose total income from all sources both in and out of Papua New Guinea, derived wholly or partly from personal exertion (other than in the capacity of an employee) from a source which is a business in the ordinary acceptance of that term or within the ordinary meaning of that term, including a professional business, where that income (when taken together with any other item of income in this Gazette and income derived by way of salary or wages, if any, whether or not subjected to salary or wages tax in accordance with the *Income Tax (Salary or Wages Tax) (Rates) Act 1979* as amended, was in excess of K10,000.00.
- (9) (a) Every partnership is required to lodge a return showing the income of the partnership by the partner resident in Papua New Guinea or by any one of them.
- (b) Where there is no partner resident in Papua New Guinea, the return is required to be furnished by the agent in Papua New Guinea for the partnership.
- (10) Every person resident in Papua New Guinea being or having been a member of a partnership (other than a company) whose total income from the partnership, when taken together with income from all other sources both in and out of Papua New Guinea, including any other item of income in this Gazette and income derived by way of salary or wages, whether or not subjected to salary or wages tax in accordance with the *Income Tax (Salary or Wages Tax) (Rates) Act 1979* as amended, was in excess of K10,000.00.

Lodgement Of Income Tax Returns—continued

- (11) Every person resident in Papua New Guinea whose total income from a Papua New Guinea trust estate or a foreign trust estate, when taken together with income from all other sources both in and out of Papua New Guinea including any other item of income in this Gazette and income derived by way of salary or wages, if any whether or not subject to salary or wages tax in accordance with the *Income Tax (Salary or Wages Tax) (Rates) Act 1979*, as amended, was in excess of K10,000.00.
 - (12) Every trust estate or trustee of a trust estate, including a Papua New Guinea trust estate or the trustee thereof, which is or has been resident in Papua New Guinea, whose total income derived from all sources in and out of Papua New Guinea was in excess of K1.
 - (13) (a) Every trust estate, or foreign trust estate, or the trustee thereof, which is not a resident of Papua New Guinea whose total income derived from all sources in Papua New Guinea was in excess of K1.00.
 - (b) (i) A return of the total income of every trust is required to be furnished by the trustee thereof resident in Papua New Guinea or by any one of them.
 - (ii) Where there is no trustee in Papua New Guinea, the return is required to be furnished by the agent in Papua New Guinea for the trustee.
 - (14) A return is required to be furnished by the master of ship or the agent or other representative in Papua New Guinea, of the owner of a ship belonging to or chartered by a person whose principal place of business is out of Papua New Guinea, showing the amounts paid or payable in or out of Papua New Guinea during the year ended 31st December, 2018 in respect of the carriage of passengers, livestock, mails or goods shipped in Papua New Guinea in a ship belonging to or chartered by a person whose principal place of business is out of Papua New Guinea as required by Section 191 of the Act.
 - (15) Every agent for a principal, whether resident or non-resident, is required to furnish a return demanded by the principal.
 - (16) Every person or institution holding money lodged at interest in Papua New Guinea is required to furnish, in addition to their return of income, a statement showing the name and address of each depositor, whether a resident or non-resident of Papua New Guinea, to whom interest in excess of K1000 was paid or credited and including the actual amount of interest paid or credited to each such depositor during the year ended 31st December, 2018.
 - (17) Every provident, benefit or superannuation fund being a resident in Papua New Guinea whose total income derived from all sources in or out of Papua New Guinea, or where a non-resident fund, whose total income derived from all sources in Papua New Guinea, in each case, exceeds K2.00.
 - (18) Every public authority for the purposes of Section 24(3) of the Act, prescribed by the Regulation as being taxable, whose total income derived from all sources exceeds K2.00.
 - (19) Every provincial authority, local government and local level government body, by whatever name known, whose income from any business or commercial undertaking or activity, other than from the provision of normal council services, exceeds K2.00.
 - (20) Every religious and charitable body whether or not exempt from income tax, whose income from any business or commercial undertaking in or out of Papua New Guinea exceeds K2.00.
 - (21) Every taxpayer with an approval substituted accounting period granted under Section 12A of the Act.
 - (22) Every tax agent duly registered pursuant to Part VIII of the Act.
- Note:** Where a taxpayer has an approved substituted accounting period, the final day of that substituted accounting period should be understood, for the purposes of this Gazette, as applying wherever this Gazette uses the words "31st December, 2018".

Lodgement Of Income Tax Returns—continued**B. Information to be furnished in the tax return.**

The information to be furnished must be on such forms as provided for the purposes as are applicable, containing the information and particulars required in the relevant forms and must be verified by such declarations as set forth therein, and accompanied by all such balance sheets, profit and loss accounts, statements and any other documents as are mentioned in the forms or as are required.

C. General requirements for all corporate taxpayers.

Every company is required to furnish in addition to the return of income, separate statements to accompany the return showing where ever applicable:—

- (a) the name and address of each company, whether resident or non-resident, to which dividends, royalties, management fees and/or interest was paid or credited, and the amount paid or credited during the period covered by the return.
- (b) the name and address of each individual taxpayer, whether resident or non-resident, to whom dividends, royalties, management fees, and/or interest in excess of K1000 were paid or credited, and the amount paid or credited to each during the period covered by the return.
- (c) the total amount of interest paid or credited, during the period covered by the return, to debenture holders who are not residents of Papua New Guinea on money secured by debentures of the company, and used in Papua New Guinea, or used in acquiring assets for use or disposal in Papua New Guinea, and to depositors who are not residents of Papua New Guinea on money lodged at interest in Papua New Guinea with the company.
- (d) the total amount of interest paid or credited during the period covered by the return, in respect of debentures payable to bearer, the names and addresses of the holders of which are not supplied to the Commissioner General.
- (e) the name and address of each non-resident insurance company or insurer with whom an insurance contract has been entered into and the amount of the insurance premium paid to them during the period covered by the return.
- (f) fully completed International Dealings Schedule and Losses Schedule.
 - (i) International Dealings Schedule is to be completed by companies who conducted businesses with related or associated companies.
 - (ii) The Losses Schedule is to be completed by all taxpayers that have losses brought forward or incurred loss.
 - (iii) The Losses Schedule must also be completed by individual taxpayers and sole traders as the case may be.
- (g) in the case of insurance companies re-insuring with non residents, the following additional details:—
 - (i) the name and address of the non resident re-insurer,
 - (ii) the amount of the premiums paid or credited to each such insurer during the period covered by the return, and
 - (iii) indicate whether an election in terms of Section 209(2) of the Act is enclosed.

D. Country by Country Reporting

- (a) An Ultimate Parent Entity of a MNE Group within the meaning of Part III Division 16A of the *Income Tax Act 1959* as amended, that is resident for tax purposes in Papua New Guinea shall file a notification conforming to the requirements of that Division.

Lodgement Of Income Tax Returns—continued

- (b) A Constituent Entity within the meaning of Part III Division 16A of the *Income Tax Act* 1959 as amended, which is not the Ultimate Parent entity of the MNE Group shall file a notification conforming to the requirements of that division.

E. Due dates for lodgement of tax returns.

	<i>Categories of persons required to furnish income tax returns</i>	<i>Due Date to lodge tax return*</i>
1	Categories 1 to 14 and 18 to 19	on or by 28th February, 2019 or such later date as provided under a tax agent lodgement extension program.
2	Categories 15, 16, 17, 20 and 21	on or by 30th April, 2019.
3	Category 22	on or by the expiry of two months after the end of the relevant substituted accounting period.
4	Category 23	on or by 1st April, 2019.

F. Penalty for failure to furnish return.

A person that is required in this Gazette to furnish a return of income and who fails to lodge a tax return within the time required, commits an offence within the meaning of Section 313 of the *Income Tax Act* and is liable to be prosecuted and adjudged a penalty of no less than K500.00 and up to K5000.00 as decided by the Court plus an additional fine of K50.00 for each day that the return is not lodged.

G. Place of lodgement of the return.

Consistent with Section 24 of the *Income Tax Regulation*, all returns of income shall be furnished to the Commissioner General on the appropriate forms at any Tax Centre, Tax Processing Centre or IRC Office nationwide.

Dated this 14th day of December, 2018.

DR A. DATON,
Acting Commissioner General,
Internal Revenue Commission.

* *Persons required to furnish income tax returns should contact the Assistant Commissioner Policy & Advice to seek further information on how to proceed if they are unable to comply with the due dates as specified including the tax agent lodgement extension program.*