

KPMG Kundu

April 2025

Foreword



Welcome to the April 2025 edition of KPMG PNG Kundu. This month, we explore key topics impacting Papua New Guinea.

We discuss the IPA's increased activity in deregistering non-compliant entities and outline the circumstances in which an entity may be deregistered and the process for restoration.

We also cover IRC developments including the upcoming income tax deadlines and IRC plans for modernisation including the new ITAS and GST Monitoring System.

Of note, is IRC's focus on extractives and forestry sectors including its work with Tax Inspectors Without Borders performing collaborative case reviews on the extractive and forestry sectors.

Ces Iewago
Managing Partner

Enjoy the read this month and reach out to kmcentee@kpmg.com.au if you have any enquiries or would like to see KPMG cover specific topics in future editions.

IPA automated deregistration and compliance updates by Alois Miniru, Manager, Business & Tax Advisory Services

The Papua New Guinea Investment Promotion Authority (IPA,) through its Automated Compliance Program (ACP) of the IPA Online Registry System (ORS), has been actively deregistering non-compliant businesses since 10 January 2025.

When searching IPA, the status of deregistered entities are now marked either as "Removed" (for local PNG Companies) or "Lapsed" (for Business Names) or "Suspended" (for Foreign Enterprises). Deregistration can occur because of the following:

- 1. Company (local or foreign):** when the director/s fail to lodge the company's Annual Returns (AR), within six months after the AR due date. To reinstate the company, directors must complete the restoration process within two years (after removal from the Register) in the prescribed form, file all outstanding annual returns, and pay all filing fees and penalties.
- 2. Business Name:** When the owner/s fail to register the business name annually as per the due date on the Business Name certificate. To reinstate the business name, owners must apply for and complete the restoration process within two years (after removal from the Register) in the prescribed form and pay all filing fees and penalties.
- 3. Foreign Enterprise:** when the director/s fail to lodge the company's annual return within three months of the annual return due date. An application for reinstatement shall be made no later than one year after the date of suspension, in the prescribed form or format, accompanied by any outstanding annual returns, filing fees and late filing fees. Currently, there are no filing fees for Foreign Enterprise reinstatement. This may change in the future, so it is important to keep this compliance up to date.

Association updates

Most of the significant compliance items for Associations as specified in the new Associations Incorporation Act 2023 are not yet effective. They are awaiting the approval of the Associations Incorporation Regulations, which are currently undergoing government vetting processes and are expected to be passed soon.

Once the Regulation is in effect, all Associations' compliance will largely align with that of a company and they will be required to file annual returns, appoint auditors, prepare financial statements, etc. It is important for Associations to begin preparing for this transition.

Key tax deadlines and IRC's developments in tax administration

The Internal Revenue Commission (IRC) recently issued Tax Agent Bulletin No. 1 of 2025, outlining significant updates and reforms in tax administration.

Key tax deadlines

The IRC confirmed the deadlines for the lodgement of income tax returns for the year ended December 31, 2024. These deadlines are crucial for ensuring timely compliance and avoiding penalties.

As a starting point, the tax deadline is 28 February 2025. An extension beyond this is available provided the taxpayer does not have any tax arrears or any outstanding tax matters (unless installment payment plans are in place).

If using a tax agent, the tax deadlines may be extended as follows:

30 June 2025:

- For company taxable returns with a 31 December 2024 year end, where the 2024 tax return was not lodged by 31 December 2024.
- For company taxable returns with a 31 December 2024 year end, where the provisional tax has not been paid up to date.
- For trusts and partnerships with a 31 December 2024 year end.
- Individual tax returns with a taxable income over K30,000 or a provisional tax credit over K10,000.

31 July 2025: For company taxable returns with a 31 December 2024 year end. However, there is some contradiction in the bulletin which states that companies with a taxable income of more than K100,000 must be lodged by 30 June 2025. We have been told this will be amended to 31 July but it has not yet been done.

31 August 2025: For company non-taxable returns with a 31 December 2024 year end.

30 September 2025: For company returns with a 31 March 2025 year end.

31 December 2025: For company returns with a 30 June 2025 year end

Developments in tax administration

The IRC advised it is implementing several key initiatives to modernize and enhance the efficiency of tax administration:

1. **New Tax Act:** The introduction of a new tax Act aims to streamline compliance, improve enforcement mechanisms, and foster a fairer tax system. This law is expected to simplify tax processes and enhance the overall tax environment.

2. **New Core Tax System:** The procurement of a new core tax system is set to revolutionize taxpayer services. This system will simplify processes, improve data-driven decision-making, and enhance the overall taxpayer experience.

3. **GST Monitoring System:** The implementation of a GST monitoring system is designed to boost compliance and reduce leakages in GST collection. This system will ensure a more robust and transparent tax system, aligning with international best practices. The agreement for the system was recently signed by IRC.

IRC advises these initiatives reflect the IRC's commitment to modernizing tax administration and improving service delivery.

IRC focus on extractive and forestry industries

The OECD and Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) conducted a technical workshop for the IRC on March 26, 2025. The workshop aimed to strengthen tax administration and institutional capacity, focusing on:

- **Capital Gains Tax (CGT) Implementation:** The workshop provided guidance on administering the new CGT regime under the Income Tax Act 2025, specifically targeting the extractive sector. Discussions included valuation methodologies for mining licenses. Participants included compliance, legal and policy teams from the IRC, Treasury, and MRA.
- **Mitigating BEPS Risks:** Training on identifying, assessing, and pricing related-party financial transactions to mitigate Base Erosion and Profit Shifting (BEPS) risks.

The workshop is part of PNG's BEPS in Mining Program, which aims to enhance tax compliance and revenue collection from the extractive industries. Additionally, Tax Inspectors Without Borders (TIWB) experts began collaborative case reviews with IRC's audit teams, focusing on the extractive sector and forestry. This program will run for 18 months, emphasizing transparency, fair taxation, and sustainable development in PNG's resource sector.

PNG IRC signed contract for Modern Integrated Tax Administration System (ITAS)

The IRC is set to modernize its tax administration with the introduction of the Integrated Tax Administration System (ITAS). This new system will replace the outdated SIGTAS and is expected to enhance efficiency, security, and taxpayer services. The contract was signed in March but the implementation date was not outlined. Key features of ITAS include:

- **Streamlined Processes:** Faster processing times and reduced bureaucratic obstacles.
- **Enhanced Taxpayer Experience:** E-Registration, E-Filing, and a Self-Service Portal for remote management of tax affairs.
- **Robust Security Measures:** Advanced security protocols like multi-factor authentication and blockchain technology.

- **Efficient Data Management:** Better decision-making and accurate taxpayer information.
- **Interconnectivity:** Seamless integration with other regulatory platforms.
- **Increased Revenue Collection:** Improved compliance and revenue collection.
- **Economic Growth Support:** A more efficient tax system to attract investment and promote growth.

The ITAS initiative reflects global trends in tax modernization and positions PNG at the forefront with the aim of achieving a more efficient and transparent tax administration.

IRC tax agent and taxpayer meetings

IRC will be hosting a tax liaison group meeting for tax agents on 8 May and for taxpayers on 9 May in Port Moresby covering information sharing, key tax relief measures passed in the 2024 National Budget and tax administration updates. Sessions will be held in Kokopo and Mount Hagen the following week.

KPMG guide to Income Tax Bill 2025

By way of reminder, KPMG issued its guide to the new Income Tax Bill 2025 last month.

Our guide is on our website and may be found at the following link: [KPMG Guide to Income Tax Bill 2025](#)

Our social media presence

As usual, you may access our regular multi-disciplined thought leadership pieces, newsletters, and updates on our KPMG PNG LinkedIn page. Also, connect via our webpage www.kpmg.com.pg and Facebook <https://www.facebook.com/pngkpmg/>

Contact US

Zanie Theron

SPP PIC
ztheron@kpmg.com.au

Karen McEntee

Partner
kmcentee@kpmg.com.au

Pieter Steyn

Partner
psteyn@kpmg.com.au

Ces Iewago

Managing Partner
ciewago@kpmg.com.au

Brett McDermott

Partner
bmcdermott@kpmg.com.au

Christian Angelopoulos

Partner
cangelopoulo@kpmg.com.au

Wayne Osterberg

Partner
wosterberg@kpmg.com.au

kpmg.com.pg

