KPMG Kundu

November 2025

Foreword

Welcome to the November 2025 edition of KPMG PNG Kundu, where we spotlight Papua New Guinea's 50th Independence Anniversary and the nation's drive for fiscal stability and inclusive growth.

This edition features analysis of the 2026 National Budget, updates on tax legislation, and practical guidance for strengthening cybersecurity in PNG's evolving digital landscape.

We hope these insights help you navigate the latest developments and support your business success.

Pieter Steyn
Managing Partner

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

Papua New Guinea National Budget 2026: Security with Growth

by Karen McEntee, Partner, Business & Tax Advisory

The 2026 Papua New Guinea National Budget, themed "Security with Growth", marks a pivotal step in the nation's journey towards fiscal stability and inclusive development as it celebrates its 50th Independence Anniversary. With total projected revenues of K29.3 billion and expenditure of K30.9 billion, the budget narrows the deficit to K1.6 billion (1.1% of GDP) - the lowest since 2012. This disciplined approach aims for a budget surplus by 2027 and full debt repayment by 2034.

Key priorities and investments

The government is prioritising security, household relief, and human capital development. Major funding boosts are allocated to police, defence, and justice systems, with the Law and Justice Sector receiving K2.5 billion and National Security and Defence Agencies K0.4 billion. A K1 billion Household Assistance Package continues, providing direct relief to families through measures such as an increased tax-free threshold, school fee subsidies, and extended GST zero-rating for 13 essential goods.

Record investments in education (K4.9 billion) and health (K3.2 billion) underpin the government's commitment to building human capital. Infrastructure remains a focus, with the Connect PNG Program driving economic corridors and rural connectivity, and agriculture highlighted as a key driver of rural development and food security.

Economic outlook

The budget is built on robust economic assumptions, projecting GDP growth of 4.0% in 2026, led by a strong non-resource sector (4.5% growth). Commodity prices for gold and copper remain strong, supporting resource revenues, while inflation is forecast at around 4.2%. Public debt is expected to stabilise at 45.5% of GDP, with a shift towards longer-term, lower-cost external debt.

Revenue and taxation

Tax revenue is set to rise by 4% to K22.2 billion, being c. 77% of the total projected revenue, driven by higher commodity prices and improved compliance. Non-tax revenue is projected to nearly double, reflecting increased dividends from state-owned enterprises. Having come on the back of the recently certified Income Tax Act 2025, as expected, the budget did not include substantial tax changes. Those that were included largely aligned with the 2025 government's policy priorities, such as an increase in the infrastructure tax credit rate so as to encourage development by the private sector of key infrastructure, and the retention of the zero rating for certain basic food items to 31 December 2026. A key governance change is the set-up of an Internal Revenue Commission

Oversight Board to strengthen governance, strategic direction and institutional performance within the IRC. This was one of the recommendations of the Sir Nagora Bogan Taxation Review and it also aligns with advice from the IMF.

Looking ahead

Aligned with Vision 2050 and the Medium-Term Development Plan IV, the 2026 Budget is designed to double the economy to K200 billion by 2030, create one million jobs, and ensure equitable resource distribution. By combining fiscal discipline with growth-oriented policies, Papua New Guinea is positioning itself for long-term economic stability and improved living standards.

Please see our KPMG PNG National Budget 2026 analysis at [KPMG_PNG_National_Budget_2026.]

Is your business Cyber-Ready? Practical steps for PNG organizations
by Happymabel Ketias-Zinguzni, Director, Advisory Services

In today's digital world, cyber threats are no longer a distant concern—they are a daily reality for businesses in Papua New Guinea. With 60% of SMEs in the Asia-Pacific region experiencing cyberattacks in the last three years, and cybercrime damages projected to reach USD10.5 trillion globally by 2025, it is clear that no business is too small or too remote to be targeted.

The biggest risks: people and passwords

Most cyberattacks do not start with sophisticated hacking tools - they start with people. In fact, 91% of cyberattacks begin with a phishing email, where employees are tricked into clicking malicious links or sharing sensitive information. Human error, such as using weak passwords or falling for fake emails, remains the leading cause of security breaches.

Weak password practices are a particular concern with c.81% of data breaches caused by poor password security. Over 24 billion login credentials have been exposed by data breaches as of 2022. Shockingly, "123456789" is still the most common password in the world, and 60% of people admit to using the same password across multiple accounts. This makes it easy for attackers to gain access to business systems and sensitive data.

Common attack vectors in PNG

The most common ways hackers infiltrate businesses in PNG include:

- Phishing: Fake emails that trick staff into revealing information or installing malware.
- Ransomware: Hackers lock your systems and demand payment to restore access.
- Third-Party Risks: Vulnerabilities in vendor systems can provide a "backdoor" into your business.

Key challenges for PNG businesses

PNG organisations face unique challenges in building cyber resilience:

- Cyber Skills Gap: There is a shortage of skilled cybersecurity professionals, making it harder to keep up with evolving threats.
- Resource Allocation: Many businesses lack the time and tools to automate security tasks, leaving them vulnerable.
- Regulatory Pressure: The regulatory landscape is constantly changing, requiring ongoing attention and resources.

What can you do?

- Educate your team: Regular training on how to spot phishing emails and avoid common traps.
- Strengthen passwords: Use strong, unique passwords and enable multi-factor authentication.
- Review third-party vendors: Ensure your suppliers follow good cybersecurity practices.
- Stay informed: Keep up with regulatory changes and invest in ongoing cyber awareness.
- Engage an advisor: Advisors can perform testing on your system to identify vulnerabilities and provide recommendations.

Cybersecurity is not just an IT issue – it is a business imperative. Taking proactive steps today can help protect your business, your clients, and your reputation tomorrow.

Tax legislation

The new Income Tax Act 2025 will become effective 1 January 2026. It will impact the taxation of taxable benefits for employees, the application of withholding taxes to suppliers and the calculation of taxable income by businesses. It is critical that businesses are prepared for the upcoming changes.

The Tax Administration Act 2017, which addressed administrative matters such as registration, filing, assessments, audits and compliance, was not previously operationalized. As the Income Tax Act 2025 will be effective 1 January 2026, it is imperative that the Tax Administration Act is operational by then to ensure the effective administration of the legislation. Due to time challenges the original Tax Administration Act 2017 will be operationalized by way of Gazettal notice effective 1 January 2026. A suite of amendments will subsequently be made to the Tax Administration Act 2017 during Q1 2016.

The Income Tax Regulations, mentioned in Income Tax Act 2025, are expected to be Gazetted prior to 1 January 2026 so they are in effect when the Income Tax Act 2025 commences. These have not yet been released in their final form.

Incorrect GST returns/forms being rejected

All GST returns and credit requests must use the revised forms from 1 January 2024. As of 21 November 2025, IRC will strictly reject any lodgement using old forms. The approved forms are:

G1 form – For GST returns (monthly or quarterly). Must display the effective date "1 January 2024" in the top right corner.
CR form (Credit Request) – Replaces previous CR1 and CR2 forms for offsets and refunds.

Automatic exchange of financial account information

IRC issued a press release advising they are advancing their commitment to international standards through the implementation of the Automatic Exchange of Financial Account Information under the OECD's common reporting standard. The work is guided by the Global Forum on Tax Transparency and directly complements the FATF recommendations in relation to grey listing.

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

Advisory
ztheron@kpmg.com.au

Karen McEntee

Partner

Business & Tax Advisory
kmcentee@kpmg.com.auu

Pieter Steyn

Managing Partner

Audit & Assurance
psteyn@kpmg.com.au

Wayne Osterberg

Partner

Advisory
wosterberg@kpmg.com.au

Brett McDermott

Partner

Business & Tax Advisory
bmcdermott@kpmg.com.au

Christian Angelopoulos

Partner

Audit & Assurance
cangelopoulo@kpmg.com.au

kpmg.com.pg