



INTERNAL REVENUE COMMISSION



TAXPAYER GUIDE

ANNUAL RECONCILIATION OF SALARY AND WAGES TAX, & COMPLETING STATEMENTS OF EARNINGS (SOEs)4

The Internal Revenue Commission has recently modified the process and stationery for submitting Statements of Earnings (SOEs). The new process is a result of extensive analysis based on feedback received from taxpayers and represents an on-going effort on the part of the IRC to improve service delivery and reduce compliance costs for taxpayers.

NEW ANNUAL RECONCILIATION FORM

A new Annual Reconciliation form for the Salary and Wages tax has been created. This form is called an S6 form "Group Employer Reconciliation", and this replaces any other annual reconciliation form issued in prior years. You may download a copy of the S6 form from the IRC website at http://www.irc.gov.pg/tax_forms.html, request a copy by Email at SIGTAS@irc.gov.pg, or pick up a copy in person from the IRC office of your choosing. The form may be completed by hand, or completed electronically.

NEW REQUIREMENT: ELECTRONIC SUBMISSION OF SOEs VIA AN EXTRACT FROM YOUR PAYROLL SYSTEM

For large group employer taxpayers with many employees, the IRC now requires these taxpayers to lodge an electronic file in Excel format with all of the SOE data. This enables taxpayers to submit all their SOE information to the IRC, by simply extracting the data from their payroll database into an Excel template, or manually entering the data. This is much easier and more convenient for taxpayers than completing a hard copy form for each employee. The excel template is available from the IRC and should be submitted via e-mail. Other physical media such as CD,DVD, or USB flash drive are also accepted. If an employer is unable to provide this information electronically in Excel format, please contact the IRC to make alternative lodgement arrangements.

Templates in Excel format for the electronic completion of the SOE payroll data are available for download on the IRC website (http://www.irc.gov.pg/tax_forms.html), or may be requested by e-mailing SIGTAS@IRC.gov.pg

Note that two Excel templates for the SOE are available for download:

- The 'S1-L' Excel template must be used by all large group employers, and can also be used by smaller group employers if they are able to.
- The shorter 'S1' Excel template can be used by smaller group employers (with total annual salary and wages tax payments of less than K1 million) who cannot use the 'S1-L' Excel template

Here is a sample from the extract template:

	A	B	C	D	E	F	G	H	I
1									
2		Employee ID	TIN - Employer	Employer Name	Employer Contact Name	Employer Phone No.	SOE Year	TIN - Employee	Employee Name
3									
4									
5									
6									
7									

A row of data must be completed for each employee, providing the full details of either the S1 or S1-L form of their salary and wages payments.

Please note, **if you have employees located in the Autonomous Region of Bougainville**, please complete a separate SoE template for these employees, clearly labelled “AROB”.



The electronic submission can be delivered

- By e-mail to SOElodgement@irc.gov.pg
- On physical media (CD, DVD, USB flash drive, etc.) and either posted or delivered to your local IRC office.

NEW STATEMENT OF EARNINGS FORMS

Besides the electronic Excel template for lodgement of SOEs, hard copy SOE forms are also still available for those who are unable to use the electronic template, and also to issue to employees who request a copy of their Statement of Earnings. The traditional, multiple carbon copy form is no longer in use and has been replaced by a much simpler form in order to make it easier for taxpayers to comply with their obligations. The new form does not use serial numbers so there is no longer an obligation to wait for the IRC to issue the forms and return unused forms. The templates may be downloaded from the IRC website at any time (see below). The new form looks like this:



<h1 style="margin: 0;">FORM S1</h1>	 	<p style="margin: 0; font-size: small;">PLACE STICKER BAR CODE HERE (CLASSIFICATION)</p>
<p style="margin: 0;">Salary and Wages Withholding Tax</p>	<p style="margin: 0;">PAPUA NEW GUINEA INTERNAL REVENUE COMMISSION</p> <p style="margin: 0;">PNGIRC - Your Partner in Nation Building</p> <p style="margin: 0; font-size: x-small;">INCOME TAX ACT 1959 AS AMENDED</p>	
<p style="margin: 0;">SALARY AND WAGES STATEMENT OF EARNINGS</p>		
<p style="margin: 0;">NAME AND ADDRESS OF TAXPAYER (EMPLOYER)</p>		
<p style="margin: 0;">NAME OF EMPLOYER: _____</p>		
<p style="margin: 0;">CONTACT / REPRESENTATIVE: _____</p>		
<p style="margin: 0;">PHONE NUMBER: _____</p>		
<p style="margin: 0;">STATEMENT OF EARNINGS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER: _____ (YEAR)</p>		
<p style="margin: 0;">NAME AND ADDRESS OF EMPLOYEE</p>		
<p style="margin: 0;">TAXPAYER IDENTIFICATION NUMBER (TIN) OF EMPLOYEE (IF KNOWN): _____</p>		
<p style="margin: 0;">NAME OF EMPLOYEE: _____ <small>(SHOW FIRST AND MIDDLE NAMES IN FULL)</small></p>		
<p style="margin: 0;">EMPLOYEE'S POSTAL ADDRESS: _____</p>		
<p style="margin: 0;">NUMBER OF DEPENDANTS: _____ Is the employee a resident of Papua New Guinea? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<p style="margin: 0; font-size: x-small;">1. Gross Salary or Wages (including bonuses, 2.3.4 & 5)</p>	<p style="margin: 0; font-size: x-small;">2. The total value of all Taxable Allowances received</p>	<p style="margin: 0; font-size: x-small;">3. The total value of all Taxable Benefits received for:</p> <p style="margin: 0; font-size: x-small;">Accommodation: _____</p> <p style="margin: 0; font-size: x-small;">MVA: _____</p>
		<p style="margin: 0; font-size: x-small;">4. The value of all Non-taxable Allowances received</p>
		<p style="margin: 0; font-size: x-small;">5. Lump Sum Payments on Termination</p> <p style="margin: 0; font-size: x-small;">a) _____</p> <p style="margin: 0; font-size: x-small;">b) _____</p>
		<p style="margin: 0; font-size: x-small;">6. Amount of Salary or Wages Tax deducted</p>
<p style="margin: 0;">If not employed for full year, state period employed: From: _____ To: _____</p>		
<p style="margin: 0;">SIGNATURE OF AUTHORISED PERSON</p>		
<p style="margin: 0; text-align: center;">I declare that the information that I have provided is true and correct in every detail and discloses a full and complete statement of the facts. I understand that the law imposes heavy penalties for false and misleading statements.</p>		
<p style="margin: 0;">SIGNED: _____ DATE: _____</p>		

There is no longer a carbon copy element to the form. The form may be completed by hand, or it may be completed electronically.

Copies of the form may be obtained from the IRC web site at the following address:

http://www.irc.gov.pg/tax_forms.html

COMPLETING THE S.O.E. FORM

Here are some tips for completing the Statement of Earnings Forms:



- The form asks for the TIN of the employer. The TIN is the Taxpayer Identification Number that the IRC issues. TINs are replacing Tax File Numbers (TFNs) in the PNG tax system. A single TIN will cover all of your tax obligations – Salary & Wages Tax, Business Payments Tax, Dividend Withholding Tax, etc. If you have not yet been issued a TIN, please contact your nearest IRC office to have one issued.
- The field “TIN of Employee” on the form will only be used if the employee has been issued a TIN *and* their employer has that on record. It is important that this field only be used for Employee TINs. If you do not have the TINs of your employees in your records then this field will always be blank on the S1 form.
- In the middle of the page there is a question “Is the employee a resident of Papua New Guinea”. According to the Income Tax Assessment Act 1959 (As Amended), a resident is defined as follows:
 - (a) in relation to a person, other than a company, means a person who resides in Papua New Guinea, and includes a person–
 - (i) whose domicile is in Papua New Guinea, unless the Commissioner General is satisfied that his permanent place of abode is outside Papua New Guinea; and
 - (ii) who has actually *been in Papua New Guinea*, continuously or intermittently, during more than one-half of the year of income, unless the Commissioner General is satisfied that his usual place of abode is outside Papua New Guinea, and that he does not intend to take up residence in Papua New Guinea; or

(iii) who is a contributor to a prescribed superannuation fund or who is the spouse, or a child under 16 years of age, of such a contributor;

- The section towards the bottom with the label "If not employed for full year, state period employed" is only to be completed where an employee either commenced or left employment during the year. So, if someone started after 1 January 2013 or finished before 31 December 2013 then this field will need to be completed. If not, it should be left blank.

SOEs FOR LARGE TAXPAYERS

A new form has been created specifically for large taxpayers (those whose tax contributions exceed 1million kina per annum). It is called the S1-L and looks like this:

FORM S1-L <small>(FOR LARGE EMPLOYERS)</small>		 		PLACE SIGTAS BAR CODE HERE <small>25.4mm x 38.1mm</small>	
Salary and Wages Withholding Tax		PAPUA NEW GUINEA INTERNAL REVENUE COMMISSION PNGIRC - Your Partner in Nation Building		Taxpayer Identification Number (TIN): <div style="border: 1px solid black; width: 100px; height: 20px;"></div>	
<small>INCOME TAX ACT 1959 AS AMENDED</small> SALARY AND WAGES STATEMENT OF EARNINGS - (FOR LARGE EMPLOYERS)					
NAME AND ADDRESS OF TAXPAYER (EMPLOYER)					
NAME OF EMPLOYER: <div style="border: 1px solid black; width: 100%; height: 20px;"></div>					
CONTACT / REPRESENTATIVE: <div style="border: 1px solid black; width: 100%; height: 20px;"></div>					
PHONE NUMBER: <div style="border: 1px solid black; width: 100%; height: 20px;"></div>					
STATEMENT OF EARNINGS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER: <div style="border: 1px solid black; width: 100%; height: 20px;"></div> (YEAR)					
NAME AND ADDRESS OF EMPLOYEE					
TAXPAYER IDENTIFICATION NUMBER (TIN) OF EMPLOYEE (IF KNOWN): <div style="border: 1px solid black; width: 100%; height: 20px;"></div>					
NAME OF EMPLOYEE: <div style="border: 1px solid black; width: 100%; height: 20px;"></div>					
EMPLOYEE'S POSTAL ADDRESS: <div style="border: 1px solid black; width: 100%; height: 20px;"></div>					
NUMBER OF DEPENDANTS: <div style="border: 1px solid black; width: 100%; height: 20px;"></div>					
Is this employee a non-resident of PNG? <input type="checkbox"/> Yes <input type="checkbox"/> No					
PARTICULARS OF EARNINGS					
1. Gross Salary or Wages excluding all Taxable Allowances, all Taxable Benefits, all Non-Taxable Allowances received and Lump Sum Payments on Termination. <div style="border: 1px solid black; width: 100%; height: 20px;"></div>					
2. Lump Sum Payments on Termination <div style="border: 1px solid black; width: 100%; height: 20px;"></div>					
3. Amount of Salary or Wages Tax Deducted <div style="border: 1px solid black; width: 100%; height: 20px;"></div>					
PARTICULARS OF ALL TAXABLE ALLOWANCES, ALL TAXABLE BENEFITS & ALL NON-TAXABLE ALLOWANCES					
	4.	5.	6.		
	TOTAL VALUE OF ALL TAXABLE ALLOWANCES RECEIVED	TOTAL VALUE OF ALL TAXABLE BENEFITS RECEIVED	TOTAL VALUE OF ALL NON-TAXABLE ALLOWANCES RECEIVED		
PARTICULARS					
Accommodation	K	K	K		
Motor Vehicle	K	K	K		
Electricity	K	K	K		
Security	K	K	K		
Entertainment	K	K	K		
Meals	K	K	K		
Domestic Servants	K	K	K		
Telephone	K	K	K		
School Fees	K	K	K		
Leave Fares	K	K	K		
Superannuation	K	K	K		
If not employed for full year, state period employed: From: ____/____/____ To: ____/____/____					

The S1-L is much like the regular form, except that it requires a more detailed breakdown of the benefits paid to employees.

NEW PROCESS FOR COMPLETION AND SUBMISSION OF SOEs

The step-by-step process for the completion of the SOEs is outlined below:

1. Complete the S1 or S1-L form for each of your employees using the data from your payroll records. Completion of the Excel SOE template is strongly encouraged for all taxpayers because employers now only need to complete individual SOE forms if requested to by an employee.
2. Sign each form to certify that the data is true and correct. Note that for electronic submissions, an electronic (scanned) signature is acceptable.
3. Provide the IRC with a copy of the SOEs for each of your employees. These may be submitted in a number of ways:
 - a. *Electronic Excel template* – by completing the SOE Excel template for all employees (see further directions above) and sending the template to the IRC electronically (e-mail or electronic media). The individual SOE forms only need to be completed if requested by your employees.
 - b. *On paper* - by printing an SOE form for each employee and completing the forms in black pen then posting or delivering them to your nearest IRC office. Keep a copy for your records and to provide a copy to an employee if they request it.
 - c. *On paper* - by completing the electronic SOE form on your computer and printing and signing (if not signed electronically) all of the SOEs and posting or delivering them to the IRC.
 - d. *Electronically* - by completing the SOE forms (including signature) and then e-mailing them to the IRC (SOElodgement@irc.gov.pg); or delivering them by electronic media such as a CD, DVD, or USB flash drive.
4. Copies of the SOE's or of the electronic SOE Excel template should be retained by the employer for future reference. They may be retained electronically so long as appropriate backup measures are in place to ensure that the SOE data is not lost. Employers need to maintain records for 7 years, in the event either the IRC or employees (current or former) request a copy of an SOE at a later date.
5. A copy of the SOE should be printed and provided to each employee, where requested by the employee. If your payroll system supports self-service printing by employees then it is sufficient that this option be made available to employees. Employers may, at their discretion, choose only to provide SOEs to employees by request; however it must be made clear to employees that they are entitled to a copy of the SOE should they want one.

PERSONAL INCOME TAX RETURNS OF EMPLOYEES

Employees may or may not be obligated to submit a personal income tax return. If Salary and Wages is the only source of income for an employee and income tax has been correctly deducted from their salary/wages then it is not necessary for them to lodge an income tax return.

If, however, the employee earns 100 kina or more of income from another source (such as rent, investment income, or other business income) then they are obligated to lodge a tax return. They need to attach a copy of their SOE to their income tax return when it is lodged.

Employees may also choose to lodge a tax return if they are entitled to a refund – such as if they have a Housing Allowance Variation or School Fees.



IRC CONTACT DETAILS

For further information on the new SOE process contact:

Arua Naime 322 6714 naimea@irc.gov.pg	Steve Burke 322 6546 burkes@irc.gov.pg
Christopher Anderson andersonc@irc.gov.pg	Oke Millett milletto@irc.gov.pg

