



TAXPAYER GUIDE

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

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:



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:

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