



INTERNAL REVENUE COMMISSION

INCOME TAX ACT 1959 AS AMENDED

BUSINESS RETURN

OF INCOME DERIVED FROM ALL SOURCES, IN AND OUT OF PAPUA NEW GUINEA, DURING THE 12 MONTHS FROM

1 JANUARY 2013 TO 31 DECEMBER 2013

FOR INSTRUCTIONS ON THE USE OF THIS FORM SEE PAGES 7 TO 9

FOR OFFICE USE ONLY	
TIN	
DOC NO.	
BATCH NO.	
IND CODE	

SURNAME MR / MRS / MS		
CHRISTIAN OR GIVEN NAMES		
If Name Changed, Previous Name		
Bougainville Taxpayer	See notes for guidance. Mark Y in box if Bougainville Taxpayer	
Business or Trading Name		
Postal Address for Service of Notices		
Residential Address		
Business Address		
Nature of Business and Whether Sole Trader / Partnership / Trust	Nature of Business	Operated As
If Married, State Full Name of Spouse and Date of Marriage	Name of Spouse	Date of Marriage
State whether a Citizen or Non Citizen, and Year of Birth	Citizenship	Year of Birth
If Non Citizen, Date of Arrival in PNG and / or Date of Departure	Date of Arrival	Date of Departure
Year of Last Return and File Number	Year of Last Return	File Number
If First Return, State Why Returns Not Previously Lodged. Also State Phone No.	For Person Lodging First Return	Telephone Number
Training Levy Requirements:- State "YES" or "NO"	Is Payroll in Excess of K200,000	Training Levy Return Lodged

PARTICULARS RELATING TO SOURCES OF INFORMATION

NB. This Questionnaire Is To Be Completed By Or On Behalf Of ALL Taxpayers

<p>1. What books of account, if any, are kept by or on behalf of the Taxpayer</p> <p>2. State name and address of person/s who kept those books of account.</p> <p>3. If those books of account are audited each year, state name and address of Auditor.</p> <p>4. Are the figures in the return in accordance with those books.</p> <p>5. If no books of account have been kept, upon what basis / information has this return been prepared.</p> <p>6. Where the "Tax Agents Certification" below is signed, has the agent / nominee satisfied themselves from examining the taxpayer's books of account and / or other records that income from all sources for the period has been disclosed in this return.</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
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TAXPAYER'S DECLARATION

I, the person whose return this is, declare that the particulars shown herein and in any accompanying statements/schedules are true and correct in every particular and disclose the total income derived by me, from all sources, both in and out of Papua New Guinea, during the year ended 31 December 2013.

Signed Date

NB. This declaration and ALL accompanying attachments/schedules must be signed PERSONALLY by the person whose return this is.

TAX AGENTS CERTIFICATION

I / We, of having prepared or assisted in the preparation of this return for a fee, hereby certify that the answers set forth in the "Particulars Relating to Sources of Information" set out above, are true and correct in every particular.

Signed (Agent/Nominee) Date

Tax Agent No.

Contact Person Phone No. (BH)

BUSINESS / PROFESSIONAL INCOME**KINA ONLY**

ITEM	TRADING ACCOUNT (For Non primary Producers Only)		
	Gross Sales (Cash and Credit)		5
	Opening Stock (at 1.1.2013)		6
	Purchases		7
	TOTAL		8
	Less:		
	Closing Stock (at 31.12.2013)		9
	Cost of Goods Sold		10
1	GROSS PROFIT		15
	Closing Stock valued at COST / MARKET VALUE / REPLACEMENT COST (Cross out whichever is not applicable).		
2	LIVESTOCK ACCOUNT		
	Profit or Loss Transferred From Schedule 3 (Page 6)		20
3	PRODUCE ACCOUNT (For Primary Producers)		
	Gross Sales (Cash and Credit)		25
	Opening Stock (at 1.1.2013)		26
	Purchases		27
	TOTAL		28
	Less:		
	Closing Stock (at 31.12.2013)		29
	Cost of Goods Sold		30
	GROSS PROFIT		35
4	OTHER BUSINESS INCOME		
	• Gross Income from Profession of		40
5	• Gross Income from Business of		45
6	• Value of Goods taken from Stock for Personal / Family purposes.		50
7	• Insurance Payments received for Loss of Stock or Profits		55
8	• Subsidy or Bounty Payments		60
9	• Bad Debts Recovered		65
10	• Royalties or Franchise Fees		70
11	• Commissions, Discounts or Rebates etc		75
12	• Other Business Income, including Recouped Lease Premiums		80
	Total Other Business Income		85
13	TOTAL BUSINESS INCOME		90
14	BUSINESS DEDUCTIONS (Do Not Claim Expenses Also Claimed at Items 40 or 56)		
	• Salary, Wages, Bonuses, Commissions, Allowances etc, Paid to Persons Employed by Your Business - Where this includes payments to a Relative or for Domestic Servants fill out Schedule 2 (Page 6).		95
15	• Rent of Business Premises - Advise amount not claimed because you also live at your place of business.	K	100
16	• Rates and Taxes on Business Premises - Advise amount not claimed because you also live at your place of business.	K	105
17	• Insurance Premiums - Do not claim Life Assurance for yourself or family.		110
18	• Interest Paid on Money used to Purchase Business, Plant or Provide Working Capital.		115
19	• Depreciation on Plant or Buildings Owned by You and Used in the Business - Attach a Depreciation Schedule.		120
20	• Repairs to Business Premises or Plant - Do not claim alterations or improvements and deduct insurance recoveries.		125
21	• Bad Debts Written Off - Attach a list showing name and address of debtor, amount written off, reason for write off, and year amount was included as Assessable Income.		130
22	• Subscriptions to Trade, Business or Professional Associations. (Do not claim Club Subscriptions)		135
23	• Business Travelling Expenses - Attach a list showing destination/s, purpose of the trip, duration of trip, name of persons accompanying you and reason for their travelling, as well as the cost components of the trip, ie airfares, hotel, etc.		140
24	• Business Printing, Stationery and Postage.		145
25	• Business Advertising Expenditure - Attach a list showing amount spent for Radio, TV, Print Media and Other.		150
26	• Telephone and Electricity Expenses - Advise amount not claimed because expense relates to your home.	K	155
27	• Motor Vehicle Expenses - Advise amount not claimed because vehicle was also used for non business reasons.	K	160
28	• Lease Payments - Forward a copy of the Lease Agreement for all new Leases.		165
29	• Entertainment Expenses - Attach a list showing amounts for each of the five allowable categories shown on Page 8.		170
30	• Accounting or Tax Agent Fees.		175
31	• Legal Expenses - Attach a list showing amount, who it was paid to and the nature of the service.		180
32	• Other Employee Expenses Not Claimed Elsewhere - Attach a list showing amount and type of expense.		185
33	• Primary Production Expenses to Improve the Land For Agriculture or Grazing - Attach a list showing amount and type of expense.		190
34	• Approved Primary Production Extension Service or Primary Production Research and Development expense		191
35	• Export Market Development for Tourism - Can be claimed a double deduction.		192
36	• Other Business Expenses Not Claimed Elsewhere - Attach a list showing amount and type of expense.		193
36	TOTAL BUSINESS EXPENSES		196
37	Transfer to Line 265 (Page 4)		NET BUSINESS INCOME (LOSS)
			199

ITEM	OTHER INCOME		
	Profits from Sale of Land, Shares, Leases or Other Property		
	Description of Item Sold	Date Purchased	Date Sold
			Profit

	Was item purchased / acquired with intention of resale at a profit		YES / NO
	If no, state why purchased / acquired	
44	If yes, include profit in income column		241
45	Premiums or Other Amounts Received in Connection with the Grant, Assignment or Surrender of Leases		244
46	Tips or Commissions Received for Services Rendered		246
47	Royalties (Total Taxed Royalty Income shown at Item 38 on Page 3 must ALSO be shown here)		248
48	Pensions or Annuities (unless returned on page 5) In case of tax free pension, give details of investment and date of investment.		250
49	Directors Fees (unless returned on page 5)		252
50	Share of Partnership Income / Loss - if a Loss, show amount in brackets ()		
	Name of Partnership	Tax File No.	254
51	Income as a Beneficiary of a Trust		
	Name of Trust	Tax File No.	256
52	Any Other Non Salary or Wages Income (Show Details)		
		258
53	TOTAL OTHER NON SALARY OR WAGE INCOME (LOSS) (LINES 221 - 258)		260
54	ADD: NET BUSINESS INCOME (LOSS) (From LINE 199)		265
55	TOTAL OF LINES 260 AND 265		270
56	LESS: OTHER NON SALARY OR WAGE EXPENSES - Not Claimed Elsewhere (Show Details)		
		
		
		
		272
57	NET NON SALARY OR WAGE INCOME (LOSS)		290
	LESS: PREVIOUS YEARS LOSSES NOT PREVIOUSLY ALLOWED		295
	NET ASSESSABLE BUSINESS INCOME (LOSS)		300

DEPENDANTS

<p>NOTES:</p> <ul style="list-style-type: none"> - A maximum of three dependants can be claimed - If your salary or wage income is more than K17428, then additional dependant rebates are not allowable - Only parents/parents-in-law residing in Papua New Guinea can be claimed 				
Type of Dependant	Full Name	Date of Birth	Separate Net Income During Year	If you wholly maintain the Dependant write "WHOLLY". If not, or other persons helped, give full details
Spouse				
Parents of Taxpayer or of Spouse				
Invalid Relatives over 16 years				
<p>A Medical Certificate signed by a Government Medical Officer stating the Invalid Relative is permanently incapacitated for work must be attached before a claim can be allowed.</p>				
Children under 16 years of age				
Student Children 16-25 years of age				
<p>If claiming parents / parents-in-law, where do they live?</p>				
<p>If in the village, how much money did you give them this year?</p>				

CALCULATION OF TAX PAYABLE

SALARY OR WAGES INCOME	440	
BUSINESS INCOME / LOSS	445	
TOTAL INCOME	450	
TAX ON TOTAL INCOME	455	
Less: TAX ON SALARY/WAGES	460	
GROSS TAX ON TAXABLE INCOME	465	
Less: Rebates & Credits		
Section 133 Trusts	466	
Section 136E Unit Trusts	467	
Section 213F Dependants No. ()	468	
Section 214 (3) S & W Deductions	470	
Section 214 (4) Non S & W Loss	475	
Section 219 Foreign Taxes	480	
Section 219BB IWT	485	
Section 219A DWT	486	
Section 282 BPT Credits	490	
Total Rebates & Credits	495	
Net Tax Assessed After Rebates and Credits	496	
Add: Additional Tax		
Section 316(1) Late Lodgement Penalty	500	
Section 316(2) Omitted Income	505	
Section 311AG Incorrect VPT	510	
Total Additional Tax	515	
Provisional Tax (Applied)	520	
Provisional Tax (Due)	525	
Balance of Tax Payable/Refundable	530	

STATEMENT OF ASSETS AND LIABILITIES OF TAXPAYER AND DEPENDANTS- See notes for guidance section.

ASSETS		LIABILITIES	
a) Non-Current		a) Non-Current	
b) Current		b) Current	

SCHEDULE 1

DISTRIBUTION STATEMENT BY TRUSTEE OR PARTNERSHIP (including SHAREFARMING)

To Be Completed Wherever This Is Intended As A Partnership Or Trust Return

Name in full of each Partner or Beneficiary	Tax File Number (if known) Or Otherwise Residential Address	If Trust Beneficiaries Share of Tax Payable By The Trustee	Is Beneficiary Presently Entitled (Yes / No)	If P'ship Salary of Partner	Partners Share of Partnership Income / Loss (Excluding Salary) or Income Derived by Beneficiaries or to Which They are Presently Entitled		For Office Use Only
					Proportion	Amount	

Where a Beneficiary is entitled to a share of specific income, or where an annuity is payable from Corpus particulars should be stated.

SCHEDULE 2

Statement of SALARIES, COMMISSIONS and ALLOWANCES paid to Relatives or Domestic Servants

Personal and Employment Details					Salary or Wages and Other Payments			
Christian Name in full and Surname	Date of Birth (If Under 18)	Nature of Duties	Relationship to Taxpayer	No. of Weeks Employed	No. of Hours per Week	Total Paid K	Tax Deducted K	Amount Claimed Item 14

SCHEDULE 3

LIVESTOCK ACCOUNT (show type of livestock, eg., cattle, pigs) - Transfer PROFIT or LOSS to ITEM 2 (Page 2).

	Type	Number	Value		Type	Number	Value
STOCK ON HAND 1.1.2013 * at cost/market value			K	GROSS SALES			K
PURCHASES (at cost)				KILLED FOR RATIONS			
NATURAL INCREASE (See Page 7)				LOSSES BY DEATH ETC			
PROFIT / LOSS (Transfer to Item 2)				STOCK ON HAND 31.12.2013 * at cost/market value			
TOTAL #			K	TOTAL #			K

* Cross Out Whichever Is Not Applicable

Total Of The Two Numbers Columns Should Agree

Notes For Guidance

Please Read Carefully

Who Should Use This Form

- Any person who conducted their business or profession otherwise than through a company, ie, as a Soletrader or through a Partnership or Trust.
Note: For Unit Trusts, use Form C.
- Persons who received or were entitled to receive a share of income from a Partnership or Trust.

Important

- If you operated your business through a partnership a return should be lodged for the partnership (showing its trading results) and a separate return should be lodged for each partner (showing their share of the net partnership income). All of these returns will be on Form B.
- If you are required to use a Form B to disclose your business income do not lodge a Form A to disclose your other income (such as salary/wages). All of your income should be shown on Form B.
- This return should be lodged with the Internal Revenue Commission, P O Box 777, Port Moresby, PNG, not later than 28th February, 2014. If you cannot lodge it before this date, write to the above address and request an extension of time (to a specific date) to lodge it.

- Returns for Soletraders and partnerships (in particular) should preferably contain a profit and loss account and balance sheet.

For People Who are Residents

This return should show income from all sources, both in and out of Papua New Guinea. Persons who disclose income from overseas countries and have paid tax on that income will be entitled to a tax credit for the overseas tax paid. Persons wishing to claim this tax credit should enclose a copy of the relevant notice of assessment or other documents evidencing payment of the tax. By allowing this tax credit, the income will not be fully taxed in both countries.

For People Who Are Non Residents

This return should show any income which is sourced in Papua New Guinea, excepting dividends or interest in respect of which withholding tax has been paid. Dividend or interest withholding tax paid by non residents is a first and final tax. If it is claimed any income is exempt by virtue of a Double Tax Agreement, the reasons for this claim should be fully stated.

For Those Using This As A Trust Return

Under the Income Tax Act (hereinafter "The Act"), every trustee of a trust estate or estate of a deceased person is obliged to pay tax on net trust income at the rate of 28% plus tax of 10% in respect of distributions to or accumulations for non resident beneficiaries. No concessional rebates for dependants are allowable. Should this be the first income tax return lodged for the trust, a copy of the trust deed should be submitted with the return, or, where the trust arises as a result of a deceased estate or a court order, a copy of the will or order under which the trust has arisen. All trusts are required to complete Schedule 1 on page 6 of the return. A beneficiary can be accepted as being "presently entitled" where:

1. The beneficiary can immediately demand payment of the income of the trust from the trustee.
2. The beneficiary can direct the trustee to immediately deal with or apply the income of the trust on their behalf.
3. The trustee has in fact dealt with or applied income on the beneficiaries behalf, or has the power to do so and has appropriated monies for that purpose.

For Those Beneficiaries Using This Return

The Act identifies four different categories of beneficiaries. They are:

1. Beneficiaries under intervivos trusts (those not created by will or by the Court) and to whom income is distributed or is applied for their benefit.
2. Beneficiaries under intervivos trusts who are presently entitled to undistributed trust income, ie the income of the trust is being accumulated.
3. Beneficiaries under trusts created by will (deceased estates) or by the Court.
4. Non resident beneficiaries.

Beneficiaries in category 1 above must return as income an amount equal to their share of the trust distribution, less their share of the tax paid by the trustee, ie, the net amount received or applied for their benefit. Beneficiaries in categories 2 and 3 above must return as income an amount equal to their share of the trust distribution but without a deduction for the tax paid by the trustee. Instead, taxpayers in these two categories are entitled to a rebate equal to the lesser of the tax the trustee had to pay in respect of the beneficiaries share of trust income and the additional tax the beneficiary has to pay as result of returning their share of that trust income. Non resident beneficiaries do not need to declare their share of a trust distribution as income, as the trustee is required to pay (additional) tax on their behalf. The share of income of beneficiaries should be shown at page 4 item 51 of the return.

For Those Using This As A Partnership Return

Partnerships do not pay tax; the individual partners pay tax on their share of the partnership income. The sole purpose of lodging a partnership return is to determine the amount of income assessable to each partner. We would normally expect partnership returns to enclose a profit and loss account and a balance sheet, with income being returned on a cash and credit basis. First year partnerships should always contain a copy of the partnership agreement. All partnerships must complete Schedule 1 on page 6 of this return. Partnership salaries are not deductible.

For Those Partners Using This Return

Because partnerships do not pay tax it is necessary for partners to lodge returns showing their share of the net partnership income or loss. This should be shown at page 4 item 50 of the return. It should be noted that, at law, a partner cannot be an employee of their partnership so that wherever salaries are paid to a partner this will not be allowed as a deduction to the partnership and the share of profits of the partners will be adjusted accordingly. However, credit will be given for any salary or wages tax paid.

Bougainville Taxpayers

Any person whose employment or income earning activity is primarily carried on in Bougainville Province is a Bougainville taxpayer.

INCOME

Some taxpayers, such as storekeepers, food sellers, clothing sellers, etc, will take some of the stock they purchase for their business for use by themselves or their family. Wherever goods are taken from stock for personal or family use (goods ex stock) the value of those goods should be shown at item 6 on page 2 of this return.

Recouped Lease Premiums

Where, after 1 June 1994, a previously leased asset, which has been acquired at its residual value by either the taxpayer or an associate, is sold at a profit, that profit, to the extent of the lesser of the lease premiums allowed or the profit made is assessable to the taxpayer who claimed the lease premiums. Any depreciation recouped is also assessable.

Valuation of Trading Stock

The Act provides that the value of each article of Trading Stock (not being livestock) taken into account at the end of the year of income shall be, at the option of the taxpayer:-

- a) its cost price, or
- b) its market selling value, or
- c) the price at which the stock can be replaced.

The above mentioned option shall be exercisable by the taxpayer on the lodgement of their first return showing income from a trading business and shall not be varied at any time thereafter except with the approval of the Commissioner General. Where no election is made by the taxpayer, the value of each article of trading stock will be the cost price of the stock.

Valuation of Livestock

The value to be placed upon livestock on hand at the end of the financial year shall be, at the option of the taxpayer -

- a) its cost price, or

- b) its market value.

As was the case for Trading Stock the basis for the valuation of livestock cannot be changed from that of the previous year without the approval of the Commissioner General. The value of livestock on hand should include all natural increase (stock born during the year) at the values stated below. Primary Producers with livestock should complete Schedule 3 at Page 6 of the return.

Valuation Of Natural Increase

Natural increase born during the financial year and still on hand at the end of that year must be valued as follows -

- a) at market value if other livestock are valued at market value; or
- b) If other livestock is valued at cost, at a value not less than the following amounts:-

1. Sheep	-	40 toea
2. Cattle or Horses	-	K2
3. Pigs	-	50 toea

If a taxpayer fails to select a value for natural increase the Commissioner General will treat the value as being the minimum value set out immediately above.

DEDUCTIONS

Business Expenses

Under Section 68 of the Act all expenses incurred in gaining or producing assessable income or necessarily incurred in carrying on a business are made deductible, unless they are:-

1. Private Expenses
2. Domestic Expenses
3. Capital Expenses.

Examples of private expenses would include bride price payments, the cost of holidays, the cost of life insurance etc. Domestic expenses would include the cost of renting your family residence, the cost of feeding and clothing your family etc. Capital expenses would include the payment of the principal of a loan (although interest payments might be deductible), the cost of plant or machinery (although depreciation will be allowable), the cost of improvements or alterations, etc. To assist in the preparation of your return your cheque butts should fully state what the cheque was drawn for and ideally a separate account should be maintained to only bank business receipts and draw business cheques.

Depreciation

There are two methods of calculating depreciation and the taxpayer may elect to use either one of them. They are:-

1. The diminishing value method.
2. The prime cost method.

A taxpayer may elect to use either method in relation to each purchase of plant but having commenced to depreciate an item of plant using one method that method cannot be changed for that item of plant unless approval is given by the Commissioner General. Unless a taxpayer elects otherwise, the diminishing value method will be used. Taxpayers may pool assets with the same depreciation rate.

Under the diminishing value method the depreciation allowed is one and a half times the rate of depreciation allowable under the prime cost method. With depreciation being calculated on the written down value of the plant this method will initially allow a greater deduction for depreciation. The written down value is cost price less accumulated depreciation. Under the prime cost method depreciation is calculated as a percentage of the original cost price and a fixed deduction for each item of plant will be allowed each year.

The rates of depreciation to be applied to plant for income tax purposes are set out in the Schedule of Rates for Annual Depreciation. It is not practical to detail those rates here, so if you are unsure of the rates of depreciation for a particular item of plant you should ask an enquiry officer from the Internal Revenue Commission. Special rates or loadings to the standard rates apply in the following cases:-

1. Certain new plant - 20% loading
 2. Improvements to plant to conserve fuel - 20% loading
 3. New non oil fired plant - 30% loading
 4. Conversion of existing oil fired plant to non oil fired plant - 30% loading
 5. Industrial plant not previously used in PNG - 100% write-off unless write-off would create a tax loss, in which case the write-off is limited to the amount which would reduce taxable income to nil.
 6. Plant used directly for the purposes of agricultural production - 100% write-off.
 7. Plant used solely for commercial fishing purposes - 100% write-off.
- In this context, "loading" means that additional depreciation as a percentage of the original cost price is allowable. From January 1 1980 depreciation cannot be claimed on buildings situated outside Papua New Guinea.

Disposal, Loss Or Destruction Of Plant

Where property is disposed of, lost or destroyed at any time during the year of income, any amount by which the written down value exceeds the consideration received or insurance claims recovered is an allowable deduction. If the consideration received or claims recovered exceeds the written down value, the excess, to extent of the depreciation allowed over the years as a deduction, is required to be included in assessable income. As an alternative, the excess to be included in assessable income (the balancing charge) can be treated as a reduction in the written down value of other depreciable property, in which case, depreciation on the plant nominated for the balancing charge will be deducted from that reduced written down value or from the cost of replacement plant less the balancing charge. An election to have the excess treated as a balancing charge must be lodged with the return.

Primary Production Expenditure

The Act makes the following expenditures specifically deductible to primary producers; expenditure for:-

- a) the eradication or extermination of animal or vegetable pests from the land;
- b) the destruction and removal of timber, scrub or undergrowth indigenous to the land;
- c) the destruction of weed or plant growth detrimental to the land;
- d) the preparation of the land for agriculture;
- e) ploughing and grassing the land for grazing purposes;
- f) the draining of swamp or low-lying lands where that operation improves the agricultural or grazing value of land;
- g) preventing or combating soil erosion on the land otherwise than by the erection of fences;
- h) the construction of dams, earth tanks, underground tanks, irrigation channels or similar structural improvements, or the sinking of bores or wells, for the purpose of conserving or conveying water for use in carrying on primary production on the land;
- i) the construction on the land or levee banks or similar improvements having like uses;
- j) the construction on the land of roads including bridges, culverts or similar works forming part of a road;
- k) the planting of the land with trees, including the purchase of seed, seedlings, cuttings and similar materials; or
- l) where the Commissioner General is satisfied that the land is in a district that is subject to the ravages of animal pests - the construction or alteration of fences on the land being fences the sole purpose of which is to prevent animal pests entering upon the land or any part of the land.

Entertainment Expenses

From 1 January 1995 entertainment expenses became deductible only in very limited circumstances. Those circumstances are:-

1. Where the "entertainment" expenses are incurred because the taxpayer is in the business of providing entertainment (as defined) ie, they provide food, drink, etc, but are paid for doing so, ie, restaurants, hotels, club etc.
2. Where the entertainment is provided by exhibiting or giving away to the public specific goods or services produced or supplied by the taxpayer.
3. Where the entertainment, typically in the form of food or drinks is provided non selectively to members of the public whilst the taxpayer's products or services are being advertised or exhibited.
4. Where the "entertainment" is in the form of food or drink provided to employees (otherwise than at an office party or social function) during working days at staff canteens or dining rooms, or during a working seminar or overtime.
5. Where the entertainment is provided to members of the public who are sick, disabled, poor or otherwise disadvantaged.

Entertainment has been defined to include the provision of food drink or recreation, as well as any related travel or accommodation. The effect of limiting the deduction for entertainment is that expenses on business lunches / dinners, entertaining existing / prospective clients or business associates is no longer deductible. Nor is the cost of cocktail parties, dinner parties, Christmas parties, etc. There is also no deduction for entertainment allowances paid to employees.

Education Expenses

Commencing the year ended 31/12/2001 a deduction is available for school fees of a child or student who has been wholly maintained, ie, is a dependant. The deduction is limited to school fees paid to primary or high schools (whether situated in PNG or overseas) and the amount which qualifies for deduction is the net amount paid after deduction of any subsidies received, any education allowances received from your employer or anyone else, any amounts reimbursed by your employer or any one else or any scholarship monies paid towards fees. Amounts paid in respect of uniforms, excursions, textbooks, travelling expenses, etc, should not be claimed; the deduction is limited to school fees.

This deduction can be claimed against business or professional income or against salary or wage income (for anyone with that kind of income who uses this return). However, the same deduction cannot be claimed twice against both types of income and those claiming the deduction against salary and wage income will have their claim treated as a rebate against tax paid/payable.

Double Deductions

Taxpayers lodging this return may have income from several sources, ie, salary or wages, rents, from business etc. Once a particular deduction has been claimed against one source of income it cannot also be claimed against another source of income.

REBATES

Rebates In Respect Of Dependants

A taxpayer whose income is solely from sources other than salary or wages will be entitled to claim a rebate in respect of any dependants they may be wholly or partially supporting. The maximum number of dependants who can be claimed is three(3). The rebates allowable are calculated as follows:-

- i) Rebate for the first nominated dependant -
15% of the tax assessed, subject to a maximum rebate of K450 and a minimum rebate of K45.
- ii) Rebate for the other two nominated dependants -
10% of the tax assessed, subject to a maximum rebate of K300 and a minimum rebate of K30 per dependant.

The full amount of the rebate is only available where the dependant is wholly maintained for the full year and the net income of the dependant does not exceed K1040 during the year. A partial rebate is allowed where:-

- i) The dependant is only maintained for part of the year (in which case the rebate is only allowed for the relevant portion of the year).

- ii) Two or more persons contribute to the maintenance of the same dependant (in which case the rebate is apportioned between those two persons)
- iii) A dependant child (not being a student) turns 16 years of age during the year (in which case the rebate is allowed up to the date of the 16th birthday)
- iv) A dependant student child turns 25 years of age during the year (in which case the rebate is allowed up to the date of the 25th birthday)
- v) A person claimed as a spouse only became a spouse during the year, ie, they became married, either in church or by custom, during the year (in which case the rebate is only allowed from the date of marriage)

- vi) The person being claimed earned salary or wages in excess of K40 during any fortnight (in which case no rebate can be claimed in respect of those fortnights).

A rebate will not be allowed unless the details on page 4 are completed in full. For those persons who also declare salary or wage income on this return, salary or wage tax should have been deducted in accordance with the salary or wage declaration filled out by them. This would have already made some allowance for dependants. However, if your salary or wage income did not exceed K17428 you may be entitled to a further rebate, so it is worthwhile providing the details requested in the dependants block.

Subject to their net income not exceeding K1040, rebates are allowable for any three of the following persons:-

1. Your spouse
2. An unmarried child, who is less than 16 years of age
3. A student child, who is less than 25 years of age and is receiving full time education at a school, college or university
4. An invalid relative, who is over 16 years of age, is your child, brother or sister, and has been certified permanently incapacitated for work by a medical officer of the Public Service.
5. Your parent or a parent of your spouse, provided they live in Papua New Guinea.

Rebates of Salary or Wages Tax

Taxpayers lodging this return who also have income from salary or wages should disclose that income on page 5 hereof. A rebate of salary or wage tax may be available to such persons where the sum of the following amounts exceed K200:-

1. Expenses incurred in gaining or producing your salary or wage income, including expenses against allowances.
2. Expenses incurred in standing for election to the National Parliament (not Provincial or Local Governments).
3. Gifts made to the Foundation of Law, Order & Justice, Sporting Bodies or Charitable Organisations (approved by the Commissioner General). Gifts to approved charitable organisations must exceed K50.

The amount of the rebate is 25% of the allowable expenditure in excess of K200. Any person who, in addition to salary or wage income, had income from a business or profession, can claim deductions for amounts falling within categories 2 and 3 mentioned above against their business or professional income, (as can those whose income is solely from non salary or wages), in which case, they should not claim the same amounts against salary or wage income, ie, they can only be claimed once. These deductions (2 and 3) are not restricted only to persons with salary or wage income and can thus also be claimed by those with business or professional income only.

Statement of Assets and Liabilities

The statement of assets and liabilities as on the last day of the year of income may be furnished. If space is not sufficient a separated signed statement may be furnished with the return. The statement may be in such a form that assets are clearly stated separately at the prices at which these were acquired. The break up of liabilities may also be provided. As indicated above the column, the assets and liabilities of dependant persons may also be included in the statement. Dependants are those persons who are dependants on the taxpayer for support and maintenance.

Voluntary Disclosures

If the returns you have lodged in previous years have not disclosed income from all sources or have over claimed deductions and you voluntarily disclose this information to us, before we ourselves commence enquiries, omitted income penalty will be charged at 15% of the additional tax payable. If you do not voluntarily disclose and the Internal Revenue Commission finds out, the penalty can be up to 200% of the tax avoided.

Further Enquiries

If you need any further information to complete this return you can contact an Enquiry Officer of the Internal Revenue Commission by ringing 322 6509. Personal enquiries can be made at the Ground Floor, Revenue Haus, Port Moresby, while written enquires should be addressed to the attention of the Enquiry Officer, Internal Revenue Commission. PO Box 777, Port Moresby.

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PNG - LOSSES SCHEDULE

Name of Entity

Tax File Number Tax ID Number

Name of Ultimate Beneficial Owner

- Q1 Have you incurred a tax loss in the year of income (YOI)? Yes 1 No 2
- Q2 If "Yes", what is the amount of that loss? 5
- Q3 You must reduce that loss by the amount of any net exempt income derived during the YOI. Set out the amount of any net exempt income derived during the YOI. 7
- Q4 Have you utilised a prior year loss in the current YOI? You must reduce any loss carried forward by the amount of any net exempt income derived before utilising the loss. Yes 10 No 12
- Q5 Have you had any significant change in ownership or ultimate beneficial ownership of the company during the period for which losses have been carried forward? Yes 15 No 16

If yes, provide details of the change in ownership as a separate attachment.

Q6 Losses may only be carried forward where there is continuity of ownership (COT) or where the company meets the requirements of the same business test (SBT). In the table below, provide details of the losses carried forward from each income year, the test which will be met to enable them to be carried forward, any losses utilised, any losses expired and any remaining losses carried forward to the next YOI. Please show losses after any reduction for any net exempt income received.

Year of income	Current year loss incurred and prior year losses brought forward to YOI	Test Satisfied		Losses utilised in YOI	Losses Carried Forward to next YOI
		COT	SBT		
2013	20	21	22	23	25
2012	30	31	32	33	35
2011	40	40	42	43	45
2010	50	51	52	53	55
2009	60	61	62	63	65
2008	70	71	72	73	75
2007	80	81	82	83	85
2006	90	91	92	93	95
2005	100	101	102	103	105
2004	110	111	112	113	115
2003	120	121	122	123	125
2002	130	131	132	133	135
2001	140	141	142	143	145
2000	150	151	152	153	155
1999	160	161	162	163	165
1998	170	171	172	173	175
1997	180	181	182	183	185
1996	190	191	192	193	195
1995	200	201	202	203	205
1994	210	211	212	213	215
1993	220	221	222	223	225
Prior	230	231	232	233	235
Expired	240	241	242	243	245

Total of losses claimed in Company Tax Return 250

PNG - INTERNATIONAL DEALINGS SCHEDULE

IDENTIFICATION

Name of Entity A

Tax Identification No. B Tax File Number

Ultimate Holding Entity C

Country of Residence D

Part A - International Related Party Transactions

Q1

a. Did you have any transactions or dealings with international related parties (irrespective of whether they were revenue or capital in nature) that exceeded K100,000 in total in the year (excluding the capital value of loans) in the year? Yes A
No B

b. Did you have loans to or from international related parties that in aggregate exceeded K2,000,000 at any time during the year? Yes C
No D

If you answered yes to question 1a you must complete question 2 and 3 AND/OR if you answered YES to question 1b you must complete question 4 and then go to Part B.

If you answered no to question 1a and 1b you do not have to complete Part A of this Schedule – Please go to Part B.

Q2 Provide the following details for each of the following categories of international related party dealings.

a. Tangible Property

	Purchases/Expenditure	Sales/Revenue	Method	Country	Doc'n
Trading Stock	A 	B 	C 	D 	E
Rent	F 	G 	H 	I 	J
Other	K 	L 	M 	N 	O

Other Description:

b. Intangible Property

	Purchases/Expenditure	Sales/Revenue	Method	Country	Doc'n
Royalties	A 	B 	C 	D 	E
Transfer of intangibles	F 	G 	H 	I 	J
Other	K 	L 	M 	N 	O

Other Description:

c. Financial Transactions

	Purchases/Expenditure	Sales/Revenue	Method	Country	Doc'n
Interest, discounts, guarantees	A 	B 	C 	D 	E
Insurance	F 	G 	H 	I 	J
Other	K 	L 	M 	N 	O

Other Description:

d. Services

	Purchases/Expenditure	Sales/Revenue	Method	Country	Doc'n
Management Fees	A 	B 	C 	D 	E
Marketing	F 	G 	H 	I 	J
IT, communication	K 	L 	M 	N 	O
Technical, construction	P 	Q 	R 	S 	T
R&D	U 	V 	W 	X 	Y
Other	Z 	AA 	AB 	AC 	AD

Other Description:

e. Other

	Purchases/Expenditure	Sales/Revenue	Method	Country	Doc'n
Revenue	A 	B 	C 	D 	E

Description:

Capital	F 	G 	H 	I 	J
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Description:

Q3 For each of the five categories in Q2 state the percentage of the total Kina value for each of those categories that are represented by International Related Party Dealings.

	IRPD %		IRPD %	
	Purchases/Expenditure		Sales/Revenue	
Tangible Property	A	<input type="text"/>	B	<input type="text"/>
Intangible Property	C	<input type="text"/>	D	<input type="text"/>
Financial Transactions	E	<input type="text"/>	F	<input type="text"/>
Services	G	<input type="text"/>	H	<input type="text"/>
Other	I	<input type="text"/>	J	<input type="text"/>

Q4 Where you have provided loans to an International Related Party - provide the following details in regard to those loans.

a. Interest Bearing

	Average Balance		Interest Paid Received		Method	Country	Doc'n
Borrowed	A	<input type="text"/>	B	<input type="text"/>	C	D	E
	F	<input type="text"/>	G	<input type="text"/>	H	I	J
	K	<input type="text"/>	L	<input type="text"/>	M	N	O
	P	<input type="text"/>	Q	<input type="text"/>	R	S	T
	U	<input type="text"/>	V	<input type="text"/>	W	X	Y
Loaned	Z	<input type="text"/>	AA	<input type="text"/>	AB	AC	AD
	AE	<input type="text"/>	AF	<input type="text"/>	AG	AH	AI
	AJ	<input type="text"/>	AK	<input type="text"/>	AL	AM	AN
	AO	<input type="text"/>	AP	<input type="text"/>	AQ	AR	AS

b. Non-Interest Bearing

	Average Balance		Method	Country	Doc'n
Borrowed	A	<input type="text"/>	B	C	D
	E	<input type="text"/>	F	G	H
	I	<input type="text"/>	J	K	L
	M	<input type="text"/>	N	O	P
Loaned	Q	<input type="text"/>	R	S	T
	U	<input type="text"/>	V	W	X
	Y	<input type="text"/>	Z	AA	AB
	AC	<input type="text"/>	AD	AE	AF

Part B - Foreign Sourced Income Information

Q5 Did you have an overseas branch or a direct or indirect interest in a foreign company or trust? If you answer yes, you must complete questions 6, 7 and 8. Yes A No B

Q6 Show the number of associated international foreign entities you have an interest in. C

Q7 Show the number of overseas branches held during the year D

Q8 Did you derive any amount of foreign sourced income during the year? Yes E No F

If yes, what was amount of foreign sourced income during the year? G

Note: if the information requested is not relevant or the answer is NIL leave the fields blank.