



Internal Revenue Commission

# Welcome by Chair

Tax Liaison Group  
Iru Loi – Assistant Commissioner  
Policy & Advice Division



# Housekeeping

- ▶ Facilities
- ▶ Introductions
- ▶ Agenda
- ▶ Questions/comments

Your Partner in Nation Building



# DISCLAIMER

- ▶ The information contained in this PowerPoint presentation is general. It does not constitute, and should be not relied on for any other purpose except for discussions in the Tax Liaison Consultations.
- ▶ The Internal Revenue Commission (IRC) tries to ensure that the content of this PowerPoint presentation is accurate, adequate or complete; it does not represent or warrant its accuracy, adequacy or completeness. The IRC is not responsible for any loss suffered as a result of or in relation to the use of any information provided during the Tax Liaison Consultations.

Your Partner in Nation Building



# Agenda

| Time               | Item  | Presenter   |
|--------------------|---|---|
| <b>8:30-8:45</b>   | Arrival, Registration, Tea & Coffee   |   |
| <b>8:45-8:50</b>   | Welcome by Chair  | Mr Iru Loi (AC Policy & Advice)                   |
| <b>8:50-9:15</b>   | Key messages from Commissioner of Taxation <ul style="list-style-type: none"> <li>- What the IRC achieved in 2016</li> <li>- What the IRC is expected to achieve in 2016/17</li> <li>- How the IRC is changing and adapting               <ul style="list-style-type: none"> <li>- Restructure</li> <li>- Regional Offices</li> </ul> </li> </ul> | Dr Daton (Commissioner of Tax)                    |
| <b>9:15-10:00</b>  | SIGTAS Report   | Mr Oke Millet (SIGTAS Project Team)               |
| <b>10:00-10:15</b> | Morning Tea   |   |
| <b>1015-1030</b>   | Multiple Contacts on Singular issues, Accounts balances & Incorrect Postings  | Mr Steven Tsivele/ Mrs Elizabeth Avel/ Mr Sam Loi |
| <b>1030-1040</b>   |   |   |
| <b>1040-1050</b>   | GST Deferral Scheme   | Mr Iru Loi (AC Policy & Advice)                   |
| <b>1050-1100</b>   | IRC Complaints Directorate  | Mrs Ueri Pahina                                   |
| <b>1100-1115</b>   | Discussion Group Tax Professionals  |   |
| <b>1115-1200</b>   | Open forum for agents to raise issues and questions   | Mr Steve Burke                                    |
| <b>1200</b>        | Close Meeting – Finger Food and Soft Drinks   |   |

Your Partner in Nation Building





# Introduction from COT

Tax Liaison Group  
Dr Alois Daton – Commissioner of Taxation



# Opening Remarks

- ▶ What the IRC achieved in 2016
- ▶ What the IRC is expected to achieve in 2016/17
- ▶ How the IRC is changing and adapting
  - Restructure
  - Regional offices or Tax centres

Your Partner in Nation Building





# IRC SIGTAS UPDATE

Tax Liaison Group  
Oke Millet- SIGTAS Project Team



# Presentation to Tax Agents – SIGTAS status as of 2016



Internal Revenue Commission

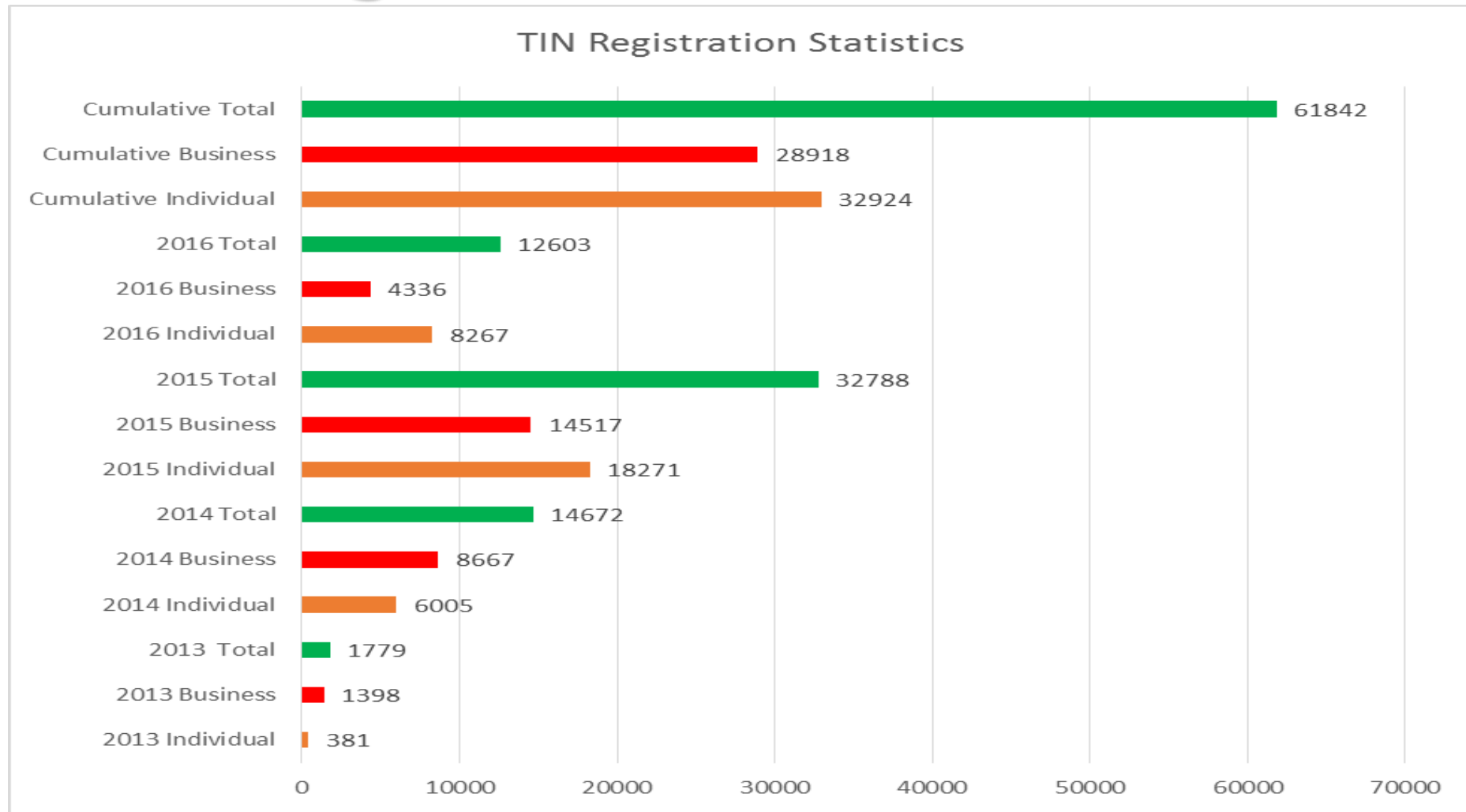
**Tax Agent Liaison  
Group  
July 28 2016**

# 'Go-live' strategy – as of July 2016

- ▶ Phase 1 (July 2013): WHTs, small group of IRC staff-members, select group of IRC taxpayers (approx 200 largest)
- ▶ Phase 2 (May 2014): Add GST, annual reconciliation of WHTs, focus on specific IRC staff-members, selected group of IRC taxpayers
- ▶ Phase 3: (Jan 2015): Add Corporate Income Tax & Installments
- ▶ Phase 4: (March 2016 and beyond): Support for regional offices, enhanced management reporting, interfaces to Asycuda, KATS, enhanced E-filing and Electronic portal to view accounts

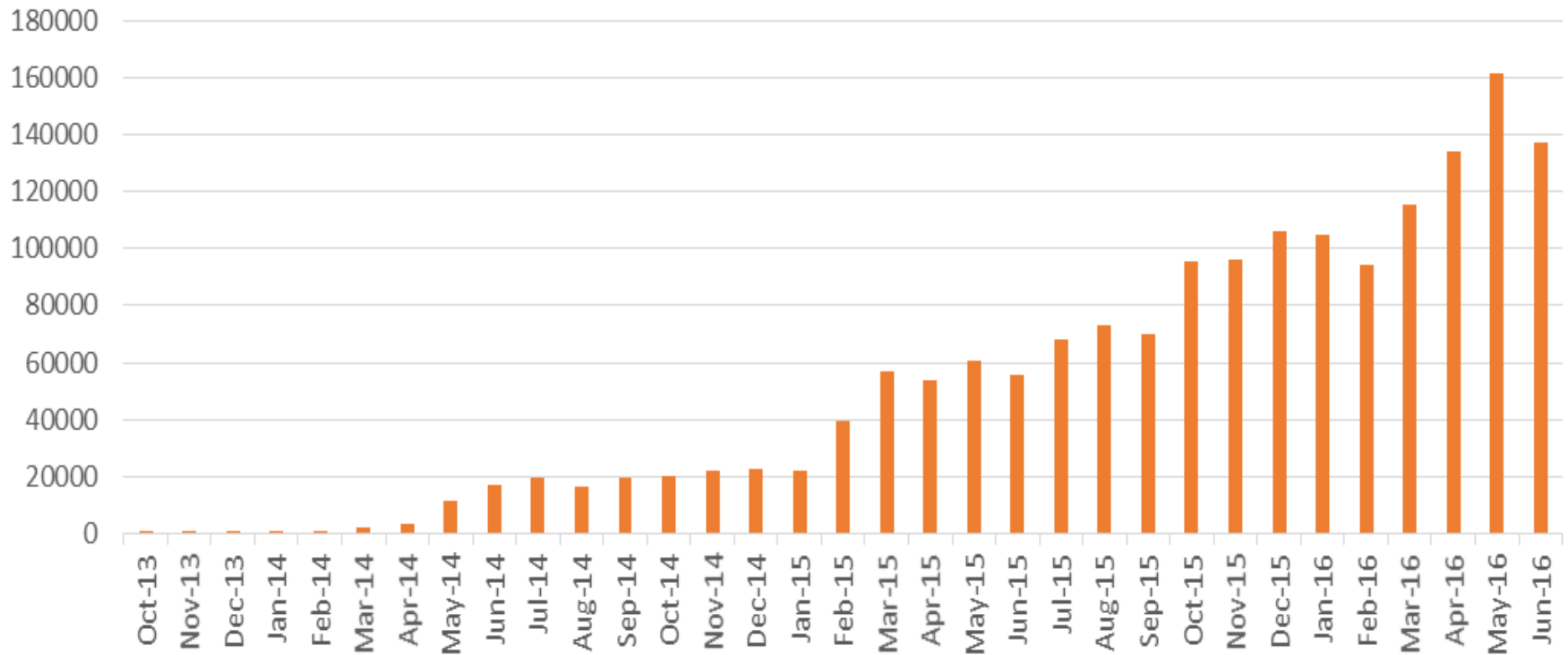


# TIN Registration Statistics



# Transaction Volumes by Month

Volume of Transactions per Month



# Are we getting busier?



Averages year to date in 2016:

CIT: +17% increase in lodgement volumes

GST: +18% increase in lodgement volumes

SWT: +20% increase in lodgement volumes



# Achievements in first half of 2016



- SIGTAS is now live at the Kokopo office
- New Management Contract for next phase of SIGTAS modules
- Interim reconciliation system (TRS)



# Challenges for 2016



- Conversions – account set-up errors
- Inherited errors – old RAS1 inaccuracies that remain unfixed
- Processing – keying errors, especially Income Tax returns



# Challenges for 2016

## Processing



- Transaction numbers will only increase, as we invest in registration and lodgement enforcement
- Major sub-projects of work on the horizon



# Future Directions



## Project Priorities

- **Sunset RAS1 from live transactions**
- **Collections & Payment Agreements Module**
- **Objections Module**
- **Audit Module**
- **Asycuda Interface / GST Deferral**
- **IFMS Interface**
- **Provincial Office Rollout (Lae)**
- **Ad Hoc Management Reports**
- **Tax Agent Registration Module**
- **Stamp Taxes Module**
- **Planned Reform of Betting Books**
- **E-Lodgement/Filing suite**



# Project advances for IRC in 2016



## 2016 Module Preparation for 2017-19

- **Workflow Module**
- **Electronic Filing Module**
- **Electronic Payments Module**
- **Electronic Registration Module**
- **Web portal for client access**



# Topic 1: How Provisional Tax Works (detail)



- We print the notices about 6 weeks ahead of the payment due date. On or around March 15<sup>th</sup> for 1<sup>st</sup>, June 15<sup>th</sup> for 2<sup>nd</sup>, and Sept 15<sup>th</sup> for 3<sup>rd</sup>.
- The notices are sorted by tax agents who have a 'cubbyhole'. Notices where the taxpayer has listed their tax agent for postal address, will be delivered to the tax agent.
- Tax agents can request electronic copies to be Emailed to them by using the SIGTAS email box



# Topic 1: How Provisional Tax Works (detail)



- Variation notices should be lodged in person at Era Rumana or Kokopo, or by Email. No provincial processing except for Kokopo, please.
- The estimation process has changed.
- The system uses the most current information available AT THE TIME WE PRINT the notice.
- This means that when we print in March, the notice will likely be based on an estimate. When the taxpayer lodges and we process the return, the instalment amount will be recalculated by the system, and applied across the three equal payments.
- The PT notice indicates clearly, the basis we used to make the instalment calculation. Read the bottom block of the notice, it will indicate 'Estimation' and the year, 'Assessment' and the year, or 'Variation' by taxpayer or by tax administration.



# Topic 1: How Provisional Tax Works (detail)



- Example 1:
- Taxpayer lodged a 2014 return which we assessed at 30,000K, on November 1<sup>st</sup> 2015.
- Notice printed on March 15<sup>th</sup> shows instalment owing of 10,000K
- Taxpayer pays 10,000K on April 30<sup>th</sup>.
- Taxpayer lodges 2015 return on May 15<sup>th</sup>, showing liability of 15,000 for the year, which we assess.
- On June 15<sup>th</sup>, we print 2<sup>nd</sup> notice and adjust to 3 periods of 5000K each, and show the account has a credit due to overpayment of the 1<sup>st</sup> notice.



# Topic 1: How Provisional Tax Works (detail)



- Example 2:
- Taxpayer lodged a 2014 return which we assessed at 30,000K, on November 1<sup>st</sup> 2015.
- Notice printed on March 15<sup>th</sup> shows instalment owing of 10,000K
- Taxpayer pays 10,000K on April 30<sup>th</sup>.
- Taxpayer lodges 2015 return on May 15<sup>th</sup>, showing liability of 45,000 for the year, which we assess.
- On June 15<sup>th</sup>, we print 2<sup>nd</sup> notice and adjust to 3 periods of 15000K each, and show the account IS IN PENALTY BECAUSE THE 1<sup>st</sup> PERIOD WAS SHORT PAID.



# Topic 1: How Provisional Tax Works (detail)



- The penalty amount as shown on the notice does NOT get posted to the taxpayer's account – because it may well change throughout the year.
- If a taxpayer varies downward, the penalty will automatically reduce and adjust accordingly.
- Consider it an INDICATIVE penalty that MAY apply.
- Any remission request would be considered only at the time the taxpayer has lodged the annual return for the period, and received that assessment.



# Topic 1: How Provisional Tax Works (detail)



- We suggest taxpayers use variation notices to adjust upwards where they know they had a more profitable year & will have their instalments increased once their return is lodged.
- We suggest taxpayers ensure they are paying at least the principal amount of the instalment, on time
- Remission requests will consider the payment timeliness and overall compliance of the taxpayer.



## Topic 2: Non-Resident Insurers



- To simplify and streamline how we administer this tax, we are making changes, coming in place for 2017. (Effective Jan 1 2017)
- We will issue a TIN to all Non-Resident Insurer entities. This list will be published on the website for public information.
- Companies liable to remitting this tax, will complete a simple annual 1 page return, similar in content to one of our other withholding returns.
- This return will document each amount of tax paid on behalf of each insuring entity.



## Topic 2: Non-Resident Insurers



- The amounts will be consolidated and reconciled, and certifications will be available to the Non-Resident Insurer entity should they request.
- The lodgement and payment will be self-assessed, and annual in nature. It will no longer be part of the annual CIT return, nor will it affect the calculation of the Provisional Tax Instalments
- We will publish and circulate a form & a taxpayer guide within the next 60 days for any comment/input
- The most likely lodgement and payment date for this return will be April 30<sup>th</sup> of each calendar year. The legal changes to support this may not take place in time for the 2017 year of tax, however under Commissioner General's authority we intend to proceed pending actual legislative changes



## Topic 3: Non-Lodging Taxpayers



- The data in the system now allows us to efficiently target non-lodgers, especially for periods since conversion to SIGTAS
- An aggressive campaign to demand lodgement for non-lodging registrants is underway
- After an attempted contact, we will be moving immediately to prosecution
- We will publish publicly, the business names of non-compliant businesses



# THANK YOU

Q & A



## Any Questions?



# Multiple Contacts on Singular Issues, Account Balances & Incorrect Postings

Tax Liaison Group  
Mr Steven Tsivele/Mrs Elizabeth Avel/Mr Sam Loi



# Outline

1. Issues raised
2. What's being done about it
3. When we think we will have the problem resolved

Your Partner in Nation Building



# 1. Issues raised

- ▶ Lodgment of returns/remittances requests
- ▶ Incorrect Balances most often is the result of incorrect Opening Balances
- ▶ Incorrect Balances migrated from RAS to SIGTAS
- ▶ Payment receipt dates
- ▶ Credit offset/transfer dates not correct
- ▶ Manual transaction dates
- ▶ Mis-postings
- ▶ Keying error
- ▶ Remissions
- ▶ Demand notices sent before debts are due
- ▶ Officers failing to check correct balances before Demand issued for payment

Your Partner in Nation Building



## 2. What's been done about it

- ▶ Processing team dedicated to correcting transaction dates
- ▶ Dedicated team working on MPT accounts
- ▶ Reviewing balances transferred from the old system (RAS)
- ▶ Debt/lodgement function now centralised
- ▶ Remission team now proficient with account correction

Your Partner in Nation Building



### 3. When we think we will have the problem resolved

- ▶ MPT accounts – 3<sup>rd</sup> QTR 2016 (except for those under review)
- ▶ Opening Balances – Reviewed quarterly
- ▶ Account start dates – Reviewed weekly
- ▶ Ongoing review as when issues arise and case by case

Your Partner in Nation Building



# Thank You



## Questions

Your Partner in Nation Building





Internal Revenue Commission

# GST IMPORT DEFERRAL SCHEME

28 JULY 2016



# Outline

1. Legislation
2. Processes to follow
3. How The Scheme Work
4. Eligibility for Deferral Scheme
5. Update on Scheme
6. Challenges

Your Partner in Nation Building



Internal Revenue Commission

# Legislation Customs Act- effective 1 January 2016

## **New Section 79A.**

The Principal Act is amended by inserting after Section 79, the following new section:

### **“s.79A. Deferred Payment of Assessed Imported Goods and Services Tax.**

Notwithstanding the provisions of this Act and the Customs Tariff Act 1990, the payment of assessed import goods and services tax may be deferred pursuant to a deferral scheme operated and administered by the Commissioner General of the Internal Revenue Commission under the Goods and Services Tax Act 2003”.

# Legislation Goods & Services Act- effective 1 January 2016

Section 6 of the Principal Act is amended by inserting the following new subsection:

“(6) The Commissioner General may operate and administer a deferral scheme, to apply notwithstanding the provisions of this Act, for the payment of goods and services tax on imported goods”.

Your Partner in Nation Building



Internal Revenue Commission

## THE PROCESS TO FOLLOW:

**REGISTER** - Taxpayer makes application to IRC to be accepted in the GST Import Deferral Scheme (GST IDS)

**IRC Approval** - IRC confirms approval into scheme and notifies taxpayer and Customs

**Import** - The Import Deferred qualifying entity imports

**Broker** - The importer engages a broker to do clearance

**Goods Declared** - The broker lodges the entry

**Entry Passed** - Entry assessed and passed

- Import duty collected and GST deferred

### Reporting of Deferred Liability

- Customs reports Deferred Import GST to IRC

### Importer/Taxpayer Reports

- The Deferred Liability is recorded on the revised G1 Form as a separate label. The associated input tax credits are recorded as usual.

### IRC

- IRC undertake usual post lodgement compliance assurance activities

Your Partner in Nation Building



# How The Scheme Work

- ❖ Approved importers will need to quote their TIN to Customs when entering goods for home consumption.
- ❖ Customs will need to ensure that the importer remains a valid participant of the scheme.
- ❖ Customs will then release the goods after payment of customs duty, but record the deferred GST of each shipment as it is cleared.
- ❖ The liability will need to be recorded on Form submitted by the importer.

Your Partner in Nation Building



Internal Revenue Commission

# Eligibility for Deferral Scheme

- ❖ Have a TIN and be registered for GST;
- ❖ Enter goods for home consumption all of which will be eligible as an input credit;
- ❖ Lodge its return monthly and electronically;
- ❖ Pay its liability electronically;
- ❖ Have a satisfactory compliance record with both the IRC and Customs ie *be a member of the Import Trusted Trader Scheme (ITTS)*
- ❖ Have written approval from the IRC.

Your Partner in Nation Building



Internal Revenue Commission

# Update on the Scheme

GST Deferral Applications Received 15

Approval Granted to date 05

Applications pending due to compliance Requirements 10

Your Partner in Nation Building



Internal Revenue Commission

# Challenges and status

- ❖ IRC and Customs linking each others network to manage and keep track on compliance issues.
- ❖ Customs delay in establishing a code to capture the GST import deferral payment.
- ❖ IRC internal records update still in progress until all migration work is completed.

Your Partner in Nation Building



Internal Revenue Commission

# Thank You



## Questions

Your Partner in Nation Building



Internal Revenue Commission



Internal Revenue Commission



# Presentation for Tax Liaison Meeting

## Aviat Club

Thursday 28<sup>th</sup> July 2016



# What is the area about and who is it aimed at?

Creation of Tax Agents Complaints Unit in the Office of the Commissioners Division

To improve service delivery

Initially targeting tax agents complaints on services provided for them and their clients

Plans to extent to other taxpayers in the future when resource issues are addressed



# What issues you should contact the area about?

## Complaints

- Delays with resolving all tax matters including:-
  - Registrations/CoC
  - Assessment
  - Refunds
  - Objections
  - Exemptions
  - Penalties imposed

## Staff attitude

- Calls not answered
- Emails ignored

Your Partner in Nation Building



# Who you should contact and how?

Dedicated email address:

[taxagentcomplaints@irc.gov.pg](mailto:taxagentcomplaints@irc.gov.pg)

| Name of contact person | Title              | Telephone Number | Email address       |
|------------------------|--------------------|------------------|---------------------|
| Mr Iru Loi             | AC Policy & Advise | 322 6870         | loii@irc.gov.pg     |
| Mr Elijah Titus        | AC Legal Services  | 322 6874         | tituse@irc.gov.pg   |
| Mrs Grace Torova       | AC CSID            | 322 6617         | torovag@irc.gov.pg  |
| Mr Steven Tsivele      | AC DLED            | 322 6669         | tsiveles@irc.gov.pg |
| Mr Sam Loi             | AC Tax Audit       | 322 6622         | lois@irc.gov.pg     |
| Mrs Elizabeth Avel     | AC TPD             | 322 6577         | avele@irc.gov.pg    |
| Mrs Ueri Pahina        | AC O OCD           | 322 6929         | pahinau@irc.gov.pg  |

Your Partner in Nation Building



# THE END

## Comments or Feedback



### Questions

Your Partner in Nation Building



# Discussion



Your Partner in Nation Building

