



IRC Press Release

The Commissioner General of Internal Revenue Commission Ms Betty Palaso today called on the media to always ensure they have both sides of a story before going public.

Ms Palaso made this statement when responding to articles in the 12th of October 2017 “Drum” of Post Courier newspaper implying that IRC officers carrying out enforcement activities in Kokopo had been forceful and unfair while performing their duties in attempting to collect taxes owed to the IRC. This statement also clarifies the articles on several businesses owed substantial amounts for contract by the government and no-go zones in AROB and the Highlands.

The Commissioner General explained that IRC was performing normal enforcement and compliance activities of Kokopo based tax payers. The recent visit to Kokopo by IRC officers has proven successful with the collection of K3.6million in outstanding taxes with payment arrangements entered into for K11.3million. The reports received are that taxpayers co-operated with the IRC officers. The IRC officers also informed taxpayers about the consequences of failing to lodge tax returns and pay taxes on time.

It is part of IRC’s routine compliance and taxpayer educational awareness and enforcement activities to carry out such investigations. There will be more such activities each year and taxpayers who have been disregarding their tax obligations should be making some concerted efforts to improve their compliance and payment history with the IRC as prudent businessmen and women. Failure to do so will result in severe financial penalties including bankruptcy and closure of businesses.

The message is quite clear “If you carry on a business or trade you must declare your monthly and annual income correctly, and pay your taxes on time to avoid being penalised. Basic book-keeping of your sales and expenses is vital to ensuring that you justify the correct tax that is imposed on you”, said the Commissioner General.

Taxpayers facing financial cash flow problems must justify this with documentary evidence such as bank statements and proper accounts. We are not totally unreasonable; we want to encourage businesses and growth in the economy so if you are able to justify or substantiate your cashflow situation, we can consider tax payment agreement plans and even remit your penalties in whole or in part. However the onus is on you, the taxpayer - to

maintain proper accounts and records to justify your position. Earlier this year a similar trip was made to Lae where K6.9million were collected and payment arrangements entered into for K28.2million.

The tax laws empower us to secure compliance and tax payments where we find taxpayers ignoring or blatantly disregarding their tax obligations. One such method of securing compliance is by way of issuing a Director Penalty Notices (DPNs) to Directors of Companies to compel the Company to lodge outstanding GST(Form G1) and salary and wages tax returns (group returns - Form S2), if not we can hold the Company Directors personally responsible for the Company's debt. Another measure we often use is to issue "Departure Prohibition Orders" (DPOs) to airline companies to stop Company Directors from traveling overseas until the Company complies. These are powers that are within our legal means to enforce and are often used. These laws are not unique to PNG but also available in most countries and used by their tax offices.

Taxpayers may feel that this is a harsh treatment however the onus is on you in the first place to lodge your tax return and pay your correct taxes on time. Regarding the issue of outstanding income expected from Government departments or agencies, IRC has established dialogue with relevant government departments and agencies who owe businesses contract payments with the aim of ensuring taxes arising from those contract income are correctly deducted and remitted to the IRC – for this we will be issuing garnishee notices to them and other third parties who owe money to taxpayers with outstanding tax debts to deduct the tax from their contract business payment and remit it to the IRC.

Ms Palaso said enforcement teams had visited Enga, Western Highlands and the Eastern Highlands provinces for audit and inspection of companies; they have also visited Buka, Arawa and Buin in the Autonomous Region of Bougainville numerous times for similar reasons and conducted similar compliance and enforcement activities to taxpayers in those provinces.

As part of increasing taxpayer awareness of taxation obligations, information sessions have been also extensively been conducted in most provinces in the Country. There are awareness sessions currently being conducted this week in Goroka, Popondetta, Alotau and Tabubil including on provincial Radio Talkback shows.

Ms Palaso further urged taxpayers to take note of recent advertisements in the media regarding how to pay your taxes (online, billpay, eft direct, eftpos (Lae, Kokopo and POM) and encouraged taxpayers to pay taxes using these methods and to follow through with indicating the tax type and TIN number to ensure tax accounts are correctly credited with the tax payments and penalties not automatically imposed.

IRC offices are also located in nearly all provinces around the country except for Western, Gulf, Hela, Jiwaka and Mendi and businesses and contractors are urged to visit these offices for queries, to lodge returns and make tax payments.

All IRC officers abide by a code of conduct and ethics and has a zero tolerance policy against corruption and corrupt behaviours. Where any taxpayer has any genuine concern about the behaviour of an IRC officer during business meetings or in any form of interaction or communication, you are encouraged to report your concerns to our hotline: anticorruption-hotline@irc.gov.pg.

If you also have any genuine concerns about another taxpayer or business not paying its taxes, you can also report the matter to us.

We all (individuals and companies alike) have a moral and legal obligation to contribute to the wellbeing of the country we operate by paying our fair share of taxes so the Government can improve basic services to Papua New Guineans so, if you are making money but not paying taxes, there will be no leniency on you when we catch up with you.

We will be continuing this exercise for the foreseeable future. We will catch up with all of those who are not doing the right thing. My strong message to any businesses or traders who have not yet registered for a TIN, or who have registered but have not paid your taxes is to “Come forward and tidy up your affairs now”. If you don’t voluntarily come forward and get your tax affairs in order, and we find you the financial and legal consequences will be much tougher on you.”

Authorised by

Betty Palaso, OBE
Commissioner General