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# Taxpayer Notice on Salary & Wages Tax

**A MESSAGE TO EMPLOYEES OF BUSINESSES, COMPANIES & STATE INSTITUTIONS**

ARE TAXES DEDUCTED FROM YOUR PAY ACTUTALLY PAID TO THE IRC?

IS YOUR EMPLOYER REMITTING WHAT YOU PAY TO THE IRC?

**Lodgement and Payment Obligations**

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| --- | --- | --- | --- | --- |
| **Tax Type** | **Return Due** | **Payment Due** | **PENALTIES** | |
| **Income Tax Act 1959** |  |
| Salary and  Wages | 7th day of the following  month | 7th day of the  following month | For Late lodgement of returns:  Section 299G (9) and 299G (10).  Penalty of K500 to K5, 000.00 or imprisonment for a term not exceeding six months, plus K50 added for each day until lodgement duly completed. | It is an offence not to remit taxes deducted from employees’ salaries to the IRC.  Directors, Managers & CEO’s can be penalised for failing to comply with the tax laws.  All must remit employees’ salaries & wages taxes to the IRC with the Remittance Form (S2)  HEAVY PENALTIES APPLY WHEN TAXES ARE NOT PAID BY THE DUE DATES. |
| For Late Payment:  Section (299G) (8) (b)    20% flat rate of tax plus 20% p.a  of the tax amount that remains  unpaid. |

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**ARE EMPLOYEES TAXES USED TO FUND OTHER BUSINESS OPERATIONS?**

* COMPANY DIRECTORS
* BUSINESS OWNERS
* STATE OWNED ENTERPRISES (SOEs)
* EDUCATION INSTITUTIONS, UNIVERSITIES & COLLEGES

Employers are legally responsible for deducting Salary & wages taxes from employees’ salaries each fortnight and remitting that to the IRC.

Employees earning less than K12, 500.00 or K480.77 per fortnight should not have SWT deducted from their salaries **HOWEVER,** employers must still account for the number of employees within these category each month.

SWT are imposed at a rate of 22% up to a maximum of 42% depending on how much is paid to a person for services rendered to the employer.

Companies who allow their senior management or company officials to organise interposed entities to minimise the amount of SWT taxes paid by a company official or employee will be heavily penalised.

**SALARY AND WAGES TAX TABLE**

|  |  |  |
| --- | --- | --- |
| **When Annual Income Is** | | *Marginal Tax Rate* |
| Greater than | Less than or equal to |
| 0 | 12,500 | *0 %* |
| 12,500 | 20,000 | *22 %* |
| 20,000 | 33,000 | *30 %* |
| 33,000 | 70,000 | *35 %* |
| 70,000 | 250,000 | *40 %* |
| 250,000 | and above | *42 %* |

SWT tax tables can be downloaded from the IRC website <http://irc.gov.pg/tax-information/salaries-wages/#salaryWages>

For further enquiries please contact:

*An IRC office closest to you or visit website* [***www.irc.gov.pg***](http://www.irc.gov.pg)

*Or call us on telephone 322 6600.*

**Authorised By**

**Mr Sam Koim**

**Acting Commissioner General**