

Tax regime too complex for SMEs to comply says Koim

The Tax regime consists of the Income Tax Act 1959 which was introduced pre-Independence and others are complex and require simplification.

This also engenders complex forms and processes for taxpayers to comply. This increases the burden of compliance for a lot of simple tax payers in the SME sector who do not understand the tax laws and the attendant processes.

Acting Commissioner General Sam Koim made those comments on Monday during the STARTUP'19 CONVENTION held at the APEC Haus.

The Tax regime is predicated on the principles of self-assessment and voluntary compliance, where IRC expects individual taxpayers' to assess their own taxes and voluntarily front up at the tax office to pay their taxes. "More often than not, this doesn't happen," Mr Koim said.

The social preconditions do not befit the legal expectations. "We are not process people; we are short-cut people; so if you expect a simple SME operator to fill in 20 pages of returns on a monthly basis using accrual basis accounting, it won't happen. We live in a generally non-compliant environment where people take their chances instead of doing the right thing because it is the right thing to do. Some of these systems actually scare people away from doing business and make impossible for people to comply" he said.

These he said were realities as a tax administration and how to make the process user friendly for simple people to comply.

Treasury is undertaking a lead in rewriting the Income Tax Act as part of the simplification exercise. The Government introduced the new SME tax regime with a turnover taxes and this is anticipated to bring a lot of relief to simple taxpayers. Following this legislative change, "we will undertake system configurations and forms creations to operationalize this law," Koim added

Part of IRC's contribution towards the STARTUP PNG'19 CONVENTION was the setup of a booth for business entrepreneurs to access information on IRC and online registration.

Director for Policy and Advice Ketty Masu said a good number of visitors showed up to the booth to seek information on Tax compliance.

Ms Masu said dedicated staff were scheduled to mind the booth since Sunday and would go on till Wednesday to assist those business men women and interested individuals who want to know more about the tax compliance processes.



Acting Commissioner General delivering his speech on the second day of the STARTUPPNG'19 CONVENTION

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