



## IRC initiates Generic Email messaging with Taxpayers



**The COVID-19 induced lockdown and SoE has compelled IRC to progress some initiatives quickly as part of its alternative business continuity measures.**

During the lock down period IRC has eliminated as much as possible, physical interaction with staff and taxpayers, and encouraged taxpayers to file lodgement via email and make electronic payments.

More than 20,000 emails were sent to taxpayers from a generic IRC email address. The email message contained a notice to taxpayers of the Tax Administrative Relief Measures Phase 1 and its attendant explanatory notes.

Those who did not receive that email means that they need to update their email addresses with IRC. Taxpayers with a TIN issued by IRC were advised to ensure their emails and mobile phone details are updated.

Ignorance will no longer be an excuse when it comes to applying penalty for noncompliance when very important tax notices concerning each taxpayers as well as general notices will be sent through email addresses going forward during these critical times.

IRC already have e-filing - lodgements through email; and e-payment -- electronic payment methods (e.g. Internet payment, phone banking, and direct debit). IRC is in the process of procuring an Integrated Tax Administration System (ITAS) where digital services such as payment portal and other taxpayer services will be introduced.

In the mean time and amid the shut down period, taxpayers have been encouraged to use the email corresponding, e-filing and e-payment options provided.

### IRC TOLL FREE number to report Tax Fraud matter

Taxpayers and the General public can now report direct to Internal Investigation Division of the IRC on any Tax Fraud and other tax related crimes to this new TOLL FREE number **180 1472**.

Mobile phones on all mobile networks, Digital, Bmobile, and Telikom landline can call the TOLL FREE number anytime between 08:00am - 4:00pm, Monday to Friday. All information given will be treated confidential and administered by the Internal Investigation Division of the IRC.

This is an initiative of the IRC Fight Against Corruption by making it convenient for the public to report tax related crimes on realtime anywhere in PNG.

IRC has a robust and internal investigation process that reports directly to the Commissioner General. For any other tax related matters, the public can contact IRC on the following numbers:

**T: +675 3226600 / 322 6500 / 307 7000 F: +675 321 4249**

## COVID-19 Introductory Note



In light of the flare up of Corona Virus pandemic worldwide, the PNG Government through the Prime Minister has announced a State of Emergency with Orders guiding the nation on steps to take in preparation of an imminent breakout in PNG. Various government departments, agencies, private and statutory organisations have set forth plans/protocols and measures on how to mitigate a possible outbreak. Organisations have either closed down and laid-off workers or resorted to working with minimum essential staff.

IRC being no exception has developed a comprehensive Business Continuity Plan to address the risks posed by Coronavirus (COVID-19). In so doing two responses have been developed. The First Response is designed to address the safety of our staff and taxpayers/agents as well as ensuring continuity of our critical activities. The Second Response is designed to address the economic impact on taxpayers and their tax obligations as a consequence of COVID-19.

Reminders were sent out to all HQ and provincial staff to practice safe health techniques such as using hand sanitizers and wearing masks. Persons entering the headquarters at Downtown Port Moresby are subject to use the hand sanitizers to cleanse their hands before entering the building assisted by security personnel.

As an organisation, IRC have categorised risks from Stage 1 (Code Green), Stage 2 (Code Orange) and Stage 3 (Code Red). Taxpayers have been encouraged to submit returns and making electronic payments. Taxpayers are also encouraged to use telephones and emails to communicate with us. All measures imposed by the Internal Revenue Commission have been communicated to taxpayers and the public at large through various mediums of communication, including the IRC website, Facebook, LinkedIn, and print media. This issue of the IRC newsletter highlights some of these measures and messages imposed since the declaration of the SOE by the Prime Minister, James Marape. ...

# COVID-19 CORNER

## Portable Basin as plan 'B'



IRC in response to Government's COVID-19 hygiene measures had installed a portable hand basin for taxpayers and staff to perform hand washing with soap and water at its Headquarters.

And In line with IRC's prevention measures, Taxpayers and staff are advised to follow basic protocols before entering the premises.

The hand basin was an initiative by Project Management Unit within Office of the Commissioners (OOC) as plan 'B' option when hand sanitizers ran out.

This basin will continue to serve its purpose during the COVID-19 SoE period as preventative measures to protect taxpayers and IRC staff against the CORONA virus.

## COVID-19 Measures on Posters



IRC staff are informed through posters that were displayed on all floors of Revenue Haus on hygiene measures to protect them against **CORONA Virus** during two weeks lock down which was imposed by Government from 24 March to 7 April 2020.

The five hygiene measures were;

1. We will operate on reduced hours with limited staff effective 8am - 4pm Monday to Friday until further notice.
2. We will implement physical distancing where taxpayers are one seat apart with similar approach for staff as well. The Taxpayer Service Centre on the ground floor will serve ten taxpayers at a time to avoid overcrowding the service centre.

3. In the event that an IRC Staff shows a symptom of COVID-19, that staff will be isolated immediately and kept at the ground floor LTO Room One where a medical doctor will attend to him/her while we make arrangements with the National COVID-19 Response Team. This will protect other staff and taxpayers from being exposed to an infected person.

4. Always use the hand sanitizers located in the IRC fleet buses, ground floor and in your respective floors regularly.

5. Always wear masks and hand gloves if you have them when coming to IRC to protect yourself and others.

These essential practices relate to the Government's five key hygiene measures as awareness at the time the first case was detected from an expatriate employee of Harmony Gold mine in Wau Bulolo of Morobe Province in March (2020).

IRC since then rolled out its hygiene measures after Prime Minister James Marape declared a State of Emergency (SoE) in an urgent parliament sitting which the announcement was made to extend the lock down.

And as part of the Business Continuity Plan (BCP), divisional heads of each division within IRC began rostering their staff-strength on half rotation per week to effect social distancing.

This measures also applied to taxpayers being served at the Taxpayers Services Centre counter.

## Impacts of ceasing GST to SWT offset

Since the migration from RAS to SIG-TAS tax administration system, unverified GST credits were allowed to be offset against salary wages taxes. A year prior to 24 September 2019, K1.2 billion of unverified GST credits offset were done.

On September 24<sup>th</sup> 2019, a circular was issued by the Commissioner General to all IRC staff to cease the use of GST credits to offset SWT liabilities. Supplementing that, all taxpayers requiring GST credit offsets against other taxes to provide a suppliers list detailing all their suppliers and invoices.

The initial expectations were that; GST to SWT offset will decrease, corresponding GST refunds claims to increase, and SWT collections to increase.

The impacts of the decision:

- Decrease in GST – SWT offsets-fall by K30 million per month.
- Increase in SWT collections-increase by K30 million per month. K90 million in 2019, K90 million in 2020. Total tax revenue gains is K180 million.

- Decrease in refunds-30% fall in request for refunds.
- Strong GST collections after September 2019, 10% increase in the 4<sup>th</sup> quarter of 2019 compared to first 3 quarters of 2019
- GST has consequently moved from the third place to the second place in the performance of tax types for 2019. This shows that we are one step away from achieving our aim of making GST as the number one revenue earner for the country.

## ATO meets IRC



Officers from the Australian Taxation Office (ATO) provided technical assistance to staff of the Debt Lodgement & Enforcement Division (DLED) during the week of 6 March 2020.

The ATO team ran two half day workshops to assist Managerial staff to understand the Tax Administration changes, process map the point of impact for DLED staff of the new collection powers, and identify processes and procedures to be reviewed and/or developed in order to implement those changes.

A list of action items for progression of activities was developed to assist areas responsible.

ATO and IRC have a strategic bilateral partnership where ATO has been consistent supporting IRC.

In the absence of ATO officers physically situated in Port Moresby, the ATO will continue to provide assistance via email and are likely to return later in the year to continue further assistance.

## TALG Meeting



On Friday (20/03/2020) IRC conducted a Tax Agent Liaison Group (TALG) meeting for Tax Agents and Tax Professionals in Lae.

The TALG meeting agenda is driven by Tax Agents, who raise issues of concern to the profession. The IRC views this partnership as essential to meeting our target of 100% compliance with the taxation laws.

The morning session targeted Tax Agents, Chief Financial Officers and CEO's. The issues discussed were those actually raised by the Tax Agents concerning some operational deficiencies and perceived misunderstandings. These issues were discussed and plans were formulated to address and bring the issues to closure.

The afternoon session was basically targeting introduction to Small Business Tax. The Small Business Tax regime was introduced in the 2019 Budget and passed by Parliament with a future introduction date expected to be at the beginning of July 2020.

Over 350 plus participants were attracted to the TALG meeting who also participated in interactive discussions, comments, and

queries with IRC delegates from Port Moresby who presented solutions to tax payers query on what they see lacking.

In 2017 the Internal Revenue Commission initiated a Tax Agent Liaison Group (TALG) co-operative aimed at bringing all Tax Professionals together, with the IRC, to work together in attempts to improve tax compliance.

*For suggestions to further improve on this Newsletter can be through the contact email below. We also look forward in you inviting us to cover any interesting happenings within your division or send a brief plus photos to include an article on this publication!*

*Building a foundation of a Robust, Modern and Efficient Tax Administration*

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