

Ueri Pahina

From: Michael Wapunk <mwapunk@gmail.com>
Sent: Wednesday, 7 May 2014 3:17 PM
Subject: Re: PNG Tax Review

Hi there, just a correction correction on my point # 3, I meant to say if the tax threshold could be reduced and also the Marginal tax rate which is between the range of 22% - 42% be reduced. Would be nice if the marginal tax rate is between 8% -20%,

Thanks.
Michael

On Wed, May 7, 2014 at 1:06 PM, Michael Wapunk <mwapunk@gmail.com> wrote:
Dear head of Secretariat, we very much appreciate the opportunity given to us tax payers to ask questions and also provide submissions and comments.

There's an interesting article on today's (7th May) Post Courier under the heading "Talk Tax with Tax Review Committee".

Yes I agree just like any literate PNG will do about the reasons for any government collecting the different taxes in any Society. Amen taxes are collected so government can provide good government services for the populace to enjoy in a country. Unfortunately, this is not the case in PNG a country that has some of the **HIGHEST TAX RATES IN THE WORLD**, which are never reviewed and adjusted by successive government and we hope this team engaged by Oneil/Deon government will make some changes. Otherwise, it will be another political project or another report such as the commission of enquiry reports and recommendations collecting dust in Waigani wasting millions of public money.

While the under paid educated PNG work force and small struggling businessmen and women are tasked to pay the high tax rates we are rewarded with roads full of potholes like Mt Tavurvur, Medical centres & hospitals with no bandage not to mention other important drugs, schools with no desks and the list goes on. ONLY GOD KNOWS IF THE TAX MONEY COLLECTED SINCE INDEPENDENCE HAS SERVED ITS PURPOSES.

The Chairman of the team has headed the last team which reviewed the tax system in PNG few years back and he would be in a better position to answer most questions raised by may tax payers across the country of PNG.

Below are few remarks and questions;

1. Why has the 10% GST rate not been reviewed or adjusted even after the economy was doing better? This tax is adjusted according to the economic indicators of a country. When any government has plenty money doing supplementary budgets the GST rate should have been lowered and likewise increased when there is a budget deficit so indirectly tax payers will share the benefits to surplus funds. Unfortunately, during the Somare gov't's 7 years in power and doing 5 times supplementary budgets because of surplus funds not one of this time the government adjusted the GST rate. This monster should have been lowered by now or removed as we will be getting big revenue into the country from proceeds of the LNG gas as preached by Peter O'Neil and his Ministers. After paying a high salary and wages tax for every item a tax payer buys he/she pays 10% GST every day. Sounds like 40-50% of salary & wages of an individual goes through taxes and a

tax payer is left with half their money to cater for family needs for two weeks and not forgetting the social responsibilities in PNG cultures.

I wonder if many of the Asian tucker shops that charge GST in PNG have honestly remitted the GST balance in their tax returns. I guess none or maybe a mere 5% whilst the 95% see GST as extra revenue. Please review this and remove it or reduce it to 2% which is fair coz tax payers are not asking for tax holidays or exemptions which governments have been granting to so call developers.

2. If government is serious in empowering locals to engage in SME's it's about time the 30% company tax for SME's be reduced maybe for local business that has a turnover of K5million. 30% company tax is too much and that's why small businessmen and women evade paying taxes.

3. Please review the Tax threshold for salary & wages and reduce the threshold rate which starts at 22%. It's killing us simple working class people.

Thank you.

Michael