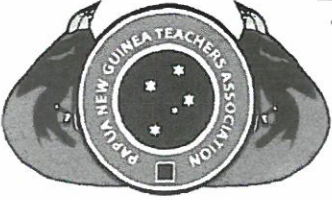


# Papua New Guinea Teachers' Association



A MEMBER OF EDUCATION INTERNATIONAL AND COUNCIL OF PACIFIC EDUCATION

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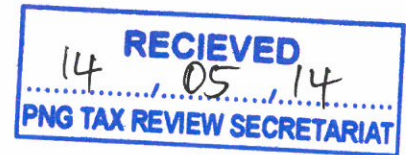
(Address all Correspondences to the National General Secretary)

P O Box 1027

WAIGANI

National Capital District  
PAPUA NEW GUINEA

## DISCUSSION PAPER TAX REVIEW COMMITTEE



FIRSTLY, LET ME EXPRESS OUR UNION'S GRATITUDE TO THE COMMITTEE FOR THE INVITATION. IN ACTUAL FACT WE WERE ATTEMPTING TO COMMUNICATE WITH THE COMMITTEE IN ORDER FOR US TO BE GIVEN FEW MINUTES TO EXPRESS FEW REMARKS IN RELATION TO TAXATION REGIMES IN PNG.

DUE TO THIS SHORT NOTICE, WE WOULD APPRECIATE THAT THE COMMITTEE TAKE NOTE OF THE ISSUES WE HIGHLIGHT BELOW AS THEY MAYBE ALREADY BEEN EXPRESSED BY VARIOUS OTHER PEOPLE MAKING SUBMISSIONS TO THE COMMITTEE.

### 1. THE SUPERANNUATION TAX

THE ASSOCIATION IS CONCERNED THAT OUR TEACHERS WHO FORM MAJORITY OF THE PUBLIC SERVICE SEEM TO COMPLAIN ON THE TAX IMPOSED ON THEM ON RESIGNATION, TERMINATION AND RETIREMENT.

THE ASSOCIATION SEEKS CLARIFICATION FROM THE TAXATION OFFICE ON WHAT PERCENTAGES ARE APPLIED ON SITUATIONS WHERE TEACHERS RETIRE, RESIGN OR ARE TERMINATED. THE ASSOCIATION HAS BEEN INFORMED THAT ON RETIREMENT, AN HEFTY PERCENTAGE IS IMPOSED. WE SUGGEST TO THE COMMITTEE THAT THE RETIREMENT BENEFIT ON SUPERANNUATION FOR MEMBERS SHOULD NOT BE TAXED AT ALL DUE TO THE FACT THAT EVERY FORTNIGHT BEFORE MEMBERS REMIT THEIR SUPERANNUATION SAVINGS, THE AMOUNT IS ALREADY TAXED THROUGH THEIR FORTNIGHTLY PAY. OUR MEMBERS BELIEVE THAT WHEN THEY LEAVE THE SERVICE, THEY SHOULD NOT BE TAXED AGAIN ON THE SAME AMOUNTS THAT HAS ALREADY BEEN TAXED OVER THE YEARS.

SUPERANNUATION RETIREMENT BENEFITS ARE SUPPOSE TO BE CONSIDERED AS GRATUITY SAVINGS FOR MEMBERS OVER THEIR HARD EARNED FORTNIGHTLY PAYS.

**RECOMMENDATION:** *PNGTA RECOMMENDS THAT SUPERANNUATION RETIREMENT BENEFIT SHOULD NOT TAXED AT ALL.*

### 2. SPECIAL ALLOWANCES FOR TEACHERS UNDER THE TEACHING SERVICE SALARY FIXATION AGREEMENT – AS AWARDS.

THE ASSOCIATION IS CONCERNED THAT WHEN OUR MEMBERS RECEIVE THEIR ALLOWANCES, TAX IS ALSO APPLIED ON THOSE ALLOWANCES. WE CONSIDER THAT THESE ALLOWANCES ARE SPECIAL BECAUSE THEY ARE PAID FOR SPECIAL CIRCUMSTANCES FACED BY THE TEACHERS. THE ALLOWANCES ARE NOT PART OF THE SALARY INCOME. THEY ARE MEANT TO COMPENSATE FOR SPECIAL SITUATIONS AND THEREFORE THE UNION BELIEVES THAT THEY SHOULD NOT BE TAXED.

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SOUTHERN REGION

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HIGHLANDS REGION

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Western Highlands Province

ISLANDS REGION

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RABAUL

East New Britain Province

**RECOMMENDATION:** PNGTA RECOMMENDS THAT ALL THE TEACHING SERVICE ALLOWANCES FOR TEACHERS SHOULD NOT BE TAXED AT ALL. SPECIAL EMPHASIS IS GIVEN TO THE MINING AND ENCLAVE, BOARDING DUTIES AND THE RURAL DISADVANTAGED SCHOOL ALLOWANCES.

3. **TAX THRESHOLD**

IN CONSIDERING THE HIGH PRICES OF GOODS AND SERVICES IN PNG AND IN PARTICULAR AT THE RURAL COMMUNITIES WHERE MOST OF OUR TEACHERS ARE SERVING, THE UNION BELIEVES THAT THE TAX THRESHOLD SHOULD BE INCREASED FROM K10,000.00 TO K20,000.00. THIS IS TO ENABLE MOST OF OUR MEMBERS SERVING IN RURAL AREAS BE ABLE TO SPEND AGAINST THE PRESSURE OF HIGH COST OF GOODS AND SERVICES IN RURAL AREAS. MOST OF OUR TEACHERS ARE EARNING ABOVE K10,000.00 AND BELOW K25,000.00 WHEN TAXES ARE IMPOSED ON THE BULK OF OUR TEACHERS PURCHASING POWER OF OUR TAKE HOME PAY IS AFFECTED BY THE HIGH COST OF LIVING AND TAX.

**RECOMMENDATION:** PNGTA RECOMMENDS THAT THE TAX THRESHOLD SHOULD BE INCREASED FROM K10,000.00 TO K20,000.00.

4. **GST**

THE ASSOCIATION IS CONCERNED THAT THE CONSUMERS WHO RELY HEAVILY ON THEIR PAYS TO SUSTAIN THEIR LIVING FORTNIGHTLY COPPED MOST OF THE TAX ON GOODS AND SERVICES IMPOSED ON THE BUSINESS HOUSES. THE GST AT THE END OF THE DAY IS PAID BY THE CONSUMERS. APPROXIMATELY, THERE ARE 75,000 PUBLIC SERVANTS IN PNG, 55,000 ARE OUR TEACHERS. WHEN IT COMES TO GOVERNMENT SALARY BILL, THE TEACHERS CONSUME MILLIONS OF KINA THROUGH THEIR SALARIES, HOWEVER, MOST OF THIS MONEY IS RETURNED TO THE GOVERNMENT THROUGH GST.

**RECOMMENDATION:** PNGTA THEREFORE RECOMMENDS THAT GST BE CUT BY 50%.

5. **TAX ON SCHOOL MATERIALS**

THE GOVERNMENT PROVIDES A LOT OF MONEY THROUGH ITS BUDGET TO EDUCATION AND THE INTENTION OF THE GOVERNMENT IS TO IMPROVE QUALITY EDUCATION FOR PAPUA NEW GUINEANS. THE ASSOCIATION IS SUGGESTING THAT ALL SCHOOL MATERIALS SUPPLIED TO OUR CHILDREN IN THE COUNTRY SHOULD NOT BE TAXED. THE GOVERNMENT WHILST ACKNOWLEDGING GOOD EDUCATION FOR OUR CHILDREN, IT MUST ALSO REMOVE TAX ON SCHOOL LEARNING MATERIALS FOR CHILDREN.

**RECOMMENDATION:** THAT PNGTA RECOMENDS THAT THE GOVERNMENT REMOVES ALL TAXES ON SCHOOL LEARNING MATERIALS FOR <sup>CHILDREN</sup> TEACHERS IN PNG.  
Correction



**UGWALUBU MOWANA**  
**National General Secretary.**