

What do Papua New Guineans think about their tax system?

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On Friday 4 July, the Tax Review Committee held its third regional Open Consultation forum in Madang. Committee Members, Sir Nagora Bogan (Chairman), and Lady Aivu Tauvasa (Member) were joined by over 100 people to share, exchange comments, views and ideas on the future of PNG's tax system.

This great turnout follows similar interest shown in Lae and Kokopo. The Committee believes regional Open Consultations are important and are a good source of the Committee getting a pulse of what ordinary Papua New Guineans (civil society, business and industry, public servants) think about PNG's taxation regime and what, why and how reforms can help grow PNG. So what key themes are emerging from these Open Consultations?

Not surprisingly the impact of personal income taxes (PIT) tops the list. Most people believe the PIT is having a huge effect on the lives of ordinary Papua New Guineans. They are calling for the Review to consider reducing the rates, for those at all levels of incomes. The calls to raise the tax free threshold have been particularly prominent.

Some have expressed concerns about taxing of retirement benefits, calling it very unfair. They are arguing that this tax leaves Papua New Guineans with very little to survive especially when they have spent 30-35 years of service to their country.

Tax incentives (i.e concessional tax treatment) throughout the tax system is another area of concern. The Committee has received a range of comments about introducing new tax incentives to support particular industries or sectors. Many businesses are saying that the way tax incentives are granted is unfair and are strongly calling for a level playing field – where all taxpayers in an industry are treated alike.

Not surprisingly, the Goods and Services Tax (GST) which impacts a much broader range of businesses and individuals in PNG compared to other taxes, remains a key area of concern for stakeholders in PNG. Whilst the existence of other tax have been questioned, the more common discussions have been around the GST. Many people have been highlighting ongoing confusion as to how and when GST applies and have complained about its administration. The Review will be exploring this issue in another separate article.

If you wish to have your say on the future of PNG's Tax system, please contact the Tax Review on info@taxreview.gov.pg, (675) 325 5977 or visit the website www.taxreview.gov.pg.